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Lessons from the Major Leadership Theories in Comparison to the Competency Theory for Leadership Practice

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ABSTRACT

Purpose: This article presents perspectives on the review of eight major theories of leadership in comparison to the competency approach. Also, the definitions, significance, and benefits of the leadership competency concept are also highlighted.

Methodology: A review of the various published literature on the major leadership theories, the competency theory, and the related topics on the scope of the study.

Results: The findings of the review show the significance and relevance of the leadership competency approach as a viable leadership option for the 21st century leadership. Leadership for best practice continues to evolve due to the changing leadership landscape. The literature states that newer theories will eventually replace old leadership concepts.

Implications: An understanding of the various leadership theories, specifically the competency theory will facilitate in the choice of the adoption of leadership approach. Moreover, employing the appropriate leadership practice in this current knowledge-based era is key to individual and organizational performance.

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1. Introduction

Interest in leadership study has gained popularity in the last three decades, though there was evidence of the practice of leadership since the early civilization (Goffee & Jones, 2000). Leadership plays an important part in the progress and achievement of societies, organizations, and politics (Howell & Costly, 2006; McCallum & O’Connell, 2009). Literature suggests that leadership has an impact on an organization’s performance (McDermott, Kidney, & Flood, 2011; Yuen & Lee, 2011). However, the leadership literature continues to develop due to contributing factors such as contexts, contextualization, and the expectations of leadership (Ivancevich, Konopaske, & Matteson, 2014; Van Wart, 2013).

The overview descriptions of the various major leadership theories offer insights on how leadership concepts serve as the underpinning foundation for leadership approaches. It is hoped that this paper will
help the reader to recognize the contribution of the leadership competency concept for effective leadership practice. This article sheds light on the significance and relevance, of the leadership competency theory as a guiding framework to leadership study and practice. Also, this paper proposes the development of the multi-facet concept of leadership.

The article outlines four main points. The first point briefly introduces and describes the development of the leadership. In point two, the eight major leadership theories are presented. Then, in point three, the background, definitions, and the leadership competency theory is discussed, and the evolution of leadership (Figure 1). Point four is the conclusion and implication. Lastly, point five is the recommendations.

![Figure 1: The evolution of leadership theory](source: Relevant literature reviewed.)

2. Review of major leadership theories

Literature review shows that there are various ways of approaching the study of the complexities of leadership. The leadership field can be addressed from the different theoretical perspectives such as models, tools, paradigms, frameworks, and influential thinkers (Ulrich, 2010). Dinh et al., (2014) in their research on the current theoretical trends in the new millennium identified a total of 67 theories, of which 41 are established theories, and 26 are emerging theories. One of the ways to study about leadership is through learning about the major leadership theories.

The discussions on the overview of leadership theories in this paper cover eight main theories of leadership, that is, great man theory, the classical theories, the trait theory, the behavioural theory, the contingency theory, the transactional leadership theory, transformational leadership theory, and servant leadership theory (Figure 1). The development of the leadership theories was not straight forward, there were overlapped in time frame.

2.1 Great man theory

The emergence of the theory of the great man is traced to the mid-19th century. Historian Thomas Carlyle popularized the concept, which espoused that leaders are born with leadership characteristics as compared to non-leaders (Chemers, 2000; Kirkpatrick & Locke, 1991). The underlying assumption of the great man theory is that leadership traits were inherited particularly by those from the elite or upper society. In short, great leaders were born with leadership qualities, but not developed. There is limitation of the great man theory as very few are born with leadership abilities. Leadership researchers such as Bolden, Gosling, Marturano, & Dennison, (2003), Ralph Stogdill (1948), and Van Seters and Field (1990), concluded that
personality is not a determining factor in the eligibility for leadership.

2.2 Classical theories
In the subsequent years, during the Industrial Revolution period, the classical theories of leadership emerged due to management dilemmas. It was a time for management and organizational change. The three most important classical leadership approaches were the administrative theory, the bureaucratic management, and the scientific management (Cole & Kelly, 2011; Schermerhorn, 2011).

Scientific management was first initiated by Frederick W. Taylor (1856-1915) which focus on the scientific way to study management. The scientific management emphasised on efficient job performance. Taylor tested the concept of time study to find effective ways of performing the required tasks. Henry Fayol (1842-1925), a management theorist promoted and developed the theory of management. He identifies and helps systematize the principles of administrative and managerial prescriptions (Golden Pryor & Taneja, 2010). The administrative theory focuses on the total organization instead of the individual. Fayol highlighted the management principles of planning, organizing, leading, and controlling. Max Weber (1864-1920), a sociologist and political economist, developed the bureaucratic management theory. The bureaucratic management emphasised the scientific approach to study management. The principles of the bureaucratic type of formal organization and administration emphasised on efficiency and effectiveness. The bureaucratic organization employs rules, hierarchy, the division of labour and procedures as a guide to worker’s behaviours. These classical theories form the foundation to many subsequent leadership and management studies.

2.3 Trait theory
The trait theory developed from the great man theory. However, the trait theory is more systematised in its approach in evaluating the leaders. The trait theory did not assume that leadership traits were inherited, but instead highlighted that the leaders’ characteristics are distinguishable from non-leaders (Kirkpatrick & Locke, 1991). Traits were primarily referred to as human attributes. The core focus of the trait theory is on human personality and characteristics such as physical, intellectual, and social, traits in distinguishing leaders from followers. Good leadership is not necessarily associated with traits (Bolden et al. 2003; Van Seters & Field, 1990). The trait research over the century resulted in these major leadership traits that are intelligence, self-confidence, determination, integrity, and sociability. These findings have contributed to leadership.

2.4 Behavioural theories
The behavioural theories advocated the importance of human relationships. In the behavioural approach, researchers investigated on the idea how a leader’s behaviour affects their effectiveness and followers. The behavioural models were influenced by Douglas McGregor writings that focus on the place of the role of behaviours of leaders (Bolden et al., 2003). The theory is also referred to like the style approach which emphasises on the leader’s behaviour and action. The three most important styles described in leadership literature are autocratic, democratic, and leiszez-faire. The behavioural approach implies that leaders tend to use one style. The core assumption of the theory is that leaders are made rather than born which implies that leaders can be trained (made) (Ayman & Korabik, 2010).

2.5 Contingency theory
The contingency theory is attributed to the writings of Fred Edward Fiedler (Verkerk, 1990). The theory is also known as the leader-match theory. According to Fiedler, the group performance is contingent on the leader using the suitable style in consideration of the organizational situation favourableness (Fiedler, 1971). The fundamental emphasis of the contingency theory is that effective leadership behaviour depends on situational factors. The theory assumes that active leadership style must consider the particular situation to achieve the desired results. Hence, for a leader to be productive, there needs to be a
match between the leader’s approach and the situation at hand. The contingency theory also suggests that there is no one best approaches to leadership.

2.6 Transactional leadership theory
The primary main contributors to the transactional leadership theory have been credited to James Macgregor Burns and Bernard M. Bass (Yahaya & Ebrahim, 2016). The main idea of the transactional leadership theory essentially described the mutual exchange of the leader and the follower to achieve the goal (Muijs, 2011). The theory values a two way beneficial relationship between the leaders and followers. The underlying assumption is that reward and punishment motivate people. It uses the incentive and reward factors to obtain results. The theory tends to be goal oriented and does not emphasise on employee personal development.

2.7 Transformational leadership theory
Transformational leadership has been classified as one of the newer leadership paradigms. The transformational leadership is founded by James Macgregor Burn (1978) but further developed by Bass (1985) and also advanced by Bass and Avolio (1994). Burns (1978) defines transformational leadership as “leaders and followers raise one another to higher levels of morality and motivation” (p. 20). Transformational leadership essentially is about the process of transformation and change involving the individuals and organizations through long-term goals (Bass & Riggio, 2006, Muijs, 2011). The significance of the theory is due to its focus on the motivation and concern for the followers. Burns argued that real leadership achieves the goal and changes people for the better at the same time (Covey, 2007). The theory has evolved into a dominant leadership perspective in the last 20 years (Black, 2015).

2.8 Servant leadership theory
The concept of servant leadership essentially combined the concepts of servant hood and leadership. The servant leadership theory emphasised that leaders must serve first and not lead first. Robert K. Greenleaf has been credited for initiating the concept of servant leadership in modern organizations. The theory emphasises on the kind of leadership that transcend self-interest to serve others. The theory emphasizes on virtues such as patience, kindness, humility, respectfulness, honesty, and commitment. Stone, Russell, and Patterson (2004) postulate that as servant leadership theory gain support, historically, the concept has not been systematically defined, and research is still relatively in its early stage. However, there are researchers who has vouched for the servant leadership as a valid theory (Washington, 2007).

In summary, these are the evolution of the main leadership theories that emerged over a period of a century (Figure 1). A related point raised by Stone and Patterson (2005) in their study, which is based on Kuhn’s concept, posits that when the existing theory fails to explain a phenomenon, a new theory emerges. When an existing theory is not able to sufficiently account for a phenomenon, the newer theories will eventually replace the older theories (Pisapia, 2009; Yammarino, 2013).

3. Leadership competency theory
3.1 Background of the competency movement
The study on competency has been credited to David McClelland, a Harvard University professor in the United States. McClelland challenges the traditional idea of evaluating individual capabilities by emphasizing on intelligence. He proposes that job performance has to do with the competencies. McClelland stressed that the underpinning essential competency results in superior performance. Furthermore, the development of the concept of skills has been linked to the earlier research on skill by Katz (1974). Katz emphasised the importance of skills for job performance. His classic work introduced the three sets of skills which are: technical, human, and conceptual skills. His writings raised the importance of identifying the right skills for job performance.

Review of literature has shown that leadership researchers recognize the relevance of the competency
approach (Black, 2015; Muller & Turner, 2010; Northouse, 2013). Dinh et al. (2014) in their research on leadership theory classifies the leadership competency as an established theory. The competency approach built on the research work on skills, abilities, and cognitive intelligence (Boyatzis, 2008, 2009). Leadership researchers are suggesting that there is enough evidence to argue that the competency concept forms the basis for effective individual and organizational performance (Black, 2015; Intagliata, Ulrich, & Smallwood, 2000; Sutton & Watson, 2013; Vazirani, 2010). Leadership skill is a major contributing factor in the 21st century-work place (De Beeck & Hondeghem, 2009; O’Connell, 2014).

3.2 Definitions of the competency concept
The term competence, competency, and skills have been used interchangeably in the literature. Most definitions of competence and competency include skills. The understanding of these definitions facilitates in understanding the foundational concept of leadership competencies. The term competency has evolved into a multi-facet concept (Hoffman, 1999). The word was first used in the education field, but Boyatzis (1982) popularized it in the management area. Boyatzis (1982) defines competency as “An underlying characteristic of a person in that it may be a motive, trait, aspect of one’s self-image or social role, or a body of knowledge which he or she uses” (p. 21), while Sutton and Watson (2013) states, “Competencies are defined as a capability or ability” (p. 1024). Some researchers such as Athey and Orth (1999), posit that it is likely that the definitions of competency will evolve.

3.3 The competency theory
Researchers have acknowledged the significance of the leadership competency concept for individual and organizational performance (Allio, 2005; Gonin, Napiersky, & Thorsell, 2011). In the 1990s, competencies theorists such as Mumford and his colleagues published a series of studies promoting the skills-based model to solve organizational issues (Mumford, Zaccaro, Harding, Jacobs, & Fleishman, 2000a; Yammarino, 2000). Skill-based models, known as the capability model developed on and reinforced Katz’s skill, leadership concept (Mumford, Zaccaro, Connely, & Marks, 2000b; Mumford et al., 2000b). The study also shows that effective leadership involves capabilities, knowledge, and expertise. Mumford and co-researchers in their study of the skills-based framework of leadership suggest that the skills-based concept is a viable leadership approach for the 21st century-knowledge-based organizations (Mumford et al., 2000b; Yammarino, 2000). The leadership competency concept is said to encompass the many intricacies of leadership (Muller & Turner, 2010; Northhouse, 2013). The focus on competency can provide the key to strategic advantage in light of the competitive environment (Cardy & Selvarajan, 2006).

There are various benefits of the leadership competency concept. The driver of the quality of leadership has been linked to competencies (Boatman & Wellings, 2011; Liak, T. K, 2010). Furthermore, writers such as Intagliata et al., (2000) states that the competency concept can be leveraged on, to build a leadership brand. Higgs (2003) has proposed that leadership competencies need to be complemented by personal characteristics such as authenticity, integrity, will, self-belief, and self-awareness.

The strength of the competency concept includes the idea that leadership capabilities can be learned, developed, coached, and trained beside experience (Dinh et al., 2014; Lussier & Achua, 2016; Yammarino, 2013). Education also enhances leadership competencies (Delia Davila Quintana, Ruiz, & Vila, 2014). Individuals can identify their developmental needs which indirectly lead to the success of the organization they work in (Delia Davila Quintana et al., 2014 James, 2011). Northouse (2013) asserts that the competencies approach will be used in the future leadership development. Based on reports in organizational leadership, the two main strengths of the competency approach are the flexibility and uniqueness of the concept to suit the organizational needs (Bolden et al., 2003). However, it is preferable for competencies to be oriented towards the future. Besides, researchers stressed that the competency approach needs to be realigned to the strategies, goals, capabilities, and values of the organizations, so as to contribute towards optimal effectiveness (Cardy & Selvarajan, 2006).
Leadership theorists are postulating that future research on leadership is converging towards an integrative perspective era (Avolio, 2007; O’Connell, 2014; Van Seters & Field, 1990). Essentially, an integrative framework combines the different leadership ideas to form one comprehensive leadership construct. The literature has postulated on the emerging or future leadership competencies which are based on the leadership competency theory. Organizations such as OECD and Institute for the Future in the US discussed on identifying the future competencies and future work skills 2020, required by leaders respectively (De Beeck & Hondeghem, 2009; Future Work Skills 2020, 2011). Due to the evolution of the global business environment, organizations of the 21st century require leaders with new emerging leadership competencies or the combination of skills (Bennett & Lemoine, 2014; Black, 2015; Dinh et al., 2014; Van Wart, 2013).

A multi-faceted globalised environment requires a multi-facet concept approach to leadership (Black, Groombridge, & Jones, 2013; Pisapia, 2009). The 21st century-leaders need many leadership competencies due to the evolving trends of the leadership paradigms. The conceptualization of new leadership frameworks is inevitable for the new era leadership reality (Pisapia, Reyes-Guerra, & Coukos-Semmel, 2005; Pisapia, 2009). As in any improvement process, leadership theories should be reviewed progressively to ensure that the management of leadership remains in tandem with the times and bear results (Bolden et al., 2003).

4. Conclusion and implications

As discussed in this paper, leadership theories evolved due to changes in the environment. In looking at the evolution of leadership theory, the trend does indicate that new leadership concepts emerge. As highlighted, the emergence of new leadership framework is inevitable. The leadership competency theorists have proposed the competency concept as a viable option for leadership performance for the 21st century-leadership. Organizations of the 21st century need leaders with emerging leadership competencies or combination of relevant skills. The implication for research can include innovative ways of conceptualizing leadership development based on the leadership competency concept due to the flexibility of the concept. The conceptualization of leadership development should also include the combination of emerging leadership competencies or the multi-facet leadership concept. Leadership theory and practice need to remain current and dynamic, so as to be effective.

5. Recommendations

Future direction for research should consider integrating key emerging leadership competencies for the development of leadership construct depending on the organizational context. Some of the proposed emerging leadership competencies are leadership agility, visioning and strategic thinking, adaptability and change, relationship and collaboration, corporate leadership, and generating funds. The emerging leadership constructs forms the proposed multi-facet leadership concept.

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Role of Entrepreneurial Orientation in Talent Retention among Malaysian Engineers

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ABSTRACT

Purpose: This paper examines the linkage between entrepreneurial orientation (EO) and talent retention amongst Malaysian engineers from the perspective of entrepreneurial orientation theory.

Design/Methodology/Approach: A cross-sectional survey of 104 engineers from private organisations in Malaysia was conducted to test the hypothesised relationships between constructs. The population comprised graduate and professional engineers who were registered under the Board of Engineers Malaysia (BEM). The purposive sampling method was employed for data analysis purposes. Data was analysed using partial least square-structural equation modelling technique.

Findings: The results of this study indicated a significant relationship between innovativeness, proactiveness, risk-taking, and competitive aggressiveness and the intention to stay (ITS). Autonomy was found not significant in predicting engineers’ ITS the same jobs. Engineers require EO to support their freedom of ideas and thoughts to exploit opportunities, produce creativity, and solve engineering task-related problems and uncertainty situations.

Implications/Originality/Value: EO dimensions can be used to predict engineers’ ITS current employments. This study provides crucial information for the organisations and policy makers to develop mechanisms and policies to enhance the engineers’ involvement of effective EO for increasing retention behaviours and career satisfaction. As the EO of engineers’ increase, the ITS will also increase.

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1. Introduction

Over thirty years ago, studies relating to behaviours, attitudes, and traits had become a central issue
underlying engineers’ complex behavioural intentions, career orientations, and employee shortages in the engineering sector (Abdull Rahman, 2012; Igbaria, & Siegel, 1992; Igbaria, Kassicieh, & Silver, 1999; Kharbanda, & Stallworthy, 1990; Williamson, Lounsbury, & Han, 2013). Attention was given to engineers’ perceiving their engineering paths to be meaningful career experiences, and how core entrepreneurial orientation (EO) components influence their career expectations, job performance, and job satisfaction. Engineering requirements are created and used to determine engineers’ career orientations on greater work values for engineers (Alavi, Moteabbed, & Arasti, 2012). Evidence suggests that engineers’ EO are a crucial component for the entrepreneurial process, successful entrepreneurial organisations and decisions to remain for the one’s job tenure (Menzel, Aaltio, & Ulijn, 2007; Tremblay, Wils, & Proulx, 2002; Yang, Ma, & Hu, 2011).

It is believed that the use of EO is likely to resolve the quitting behaviours of engineers to move to another job. If an organisation knows how to control the engineers’ EO within an organisation, low job performance, and turnover behaviours can be avoided (Lee, 1994). In the literature, organisations employed EO for measuring performance, growth, and productivity (Antoncic, & Antoncic, 2011; Entebang, Harrison, & Run, 2010; Jia, Wang, Yu, 2014). However, Kollman, Christofor, and Kuckertz (2007) argued that a successful entrepreneurial organisation gains from an individual’s participation in EO processes and activities. The impact of technology, too, has strongly influenced organisations to consider certain types of individual behaviours and attitudes for successful EO (Grip & Smits, 2012; Menzel, et al., 2007; Oyedele, 2010).

Critical questions have vigorously challenged many scholars to overlook adapting EO within an organisational area to predict intention to stay (ITS) amongst engineers. Previous conceptual study, qualitative and empirical research has clearly acknowledged the research gaps between the influences of EO and individuals’ entrepreneurial intentions and job performance (Bolton & Lane, 2012; Elenurm, 2012; Kollman et al., 2007; Wu, 2009). From a theoretical gap, the EO theory has not clearly defined and expended the use of EO for predicting individual behavioural intentions. Despite the importance of managing engineers’ behaviours and attitudes, no attention has been paid to the role of EO from an individual analysis in predicting engineers’ ITS. Hence, this study has been aimed at investigating the influence of EO (e.g., innovativeness, proactiveness, risk-taking, autonomy, and competitive aggressiveness) on ITS amongst Malaysian engineers in private organisations.

2. Literature Review
Talent can be defined as a person who has high skills, knowledge, and expertise in producing and innovating ideas (Festing & Schafer, 2014). He or she can be an excellent performer and a valuable asset to help organisations lead with core competencies. From an organisational level, talent retention is one of the crucial talent management activities and it has received a critical attention to retain talents (Gelens, Dries, Hofmans, & Pepermans, 2013; Lewis & Heckman, 2006; Zhang & Bright, 2012). Talent retention is defined as a process of encouraging talented individuals to remain with the same employment.

2.1 Intention to Stay
Intention to stay (ITS) refers to an employee’s consciousness and willingness to stay in the same job and organisation on a long-term basis (Tett & Meyer, 1993). It has been considered as the best predictor of the actual turnover behaviour of an employee. Research has consistently shown that ITS lacks usage in predicting positive behavioural intentions. Throughout this study, the term ITS will refer to an engineer’s willingness to stay with his or her current employment.

2.2 The Relationships between EO and ITS
EO theory relates to an organisation’s strategic orientation which concerns entrepreneurial aspects, such as decision-making styles, processes, practices, and methods (Lumpkin & Dess, 1996). Risk-taking, innovativeness, and proactiveness are the main features, and each feature is linked to an organisation’s
willingness to take high risk projects, be bold and aggressive in exploiting opportunities, and initiate actions to which competitors respond (Covin & Slevin, 1986; Lumpkin et al., 1996).

### 2.2.1 Innovativeness and ITS

Innovativeness is defined as willingness to support creativity, experimentation, and creative activities in producing new products, services, and new technology (Lumpkin et al., 1996). From an individual’s perspective, innovative behaviours pursue an individual’s ability to explore new opportunities, creatively (Bolton et al., 2012). Bolton et al. (2012) revealed that 1,102 students’ innovativeness behaviours were positively correlated with entrepreneurial propensity at 0.36**. There is some evidence that innovativeness directly influences retention outcomes on individual employees. Moreover, engineers need the freedom to be creative and original, and permanently involved in any innovation and changes within organisations (Alavi et al., 2012; Igbaria et al., 1992; Kharbanda et al., 1990; Menzel et al., 2007; Williamson et al., 2013). Thus, the following hypothesis is proposed:

**H1: Innovativeness is positively related to engineers’ ITS.**

### 2.2.2 Proactiveness and ITS

As Lumpkin et al. (1996) states: “proactiveness refers to an opportunity seeking, forward-looking perspective which involves the introduction of new products or services ahead of competition and acting in anticipation of future demand”. Proactive behaviours capture the engineers’ creativity in solving routine and non-routine engineering-related problems (Campbell, Gluesing, & Perelli, 2012; Menzel et al., 2007; Williamson et al., 2013). Proactiveness enhances the engineers’ ability to think conceptually. Difficulties arise when modern organisations are not engaged with proactive behaviours, as a result, the effective individual’s turnover cannot be affected (Crant, 2000). The higher the proactive behaviours of individuals (e.g., engineers), the less likely it is that engineers will leave their current employment. Hence, we propose that:

**H2: Proactiveness will positively relate to the engineers’ ITS.**

### 2.2.3 Risk-taking and ITS

Risk-taking refers to a tendency to take bold actions into unknown new markets, committing a large portion of resources to ventures with uncertain outcomes (Lumpkin et al., 1996). Risk-taking behaviour assumes individual risks and willingness to make commitments (Bolton et al., 2012). A consequence of implementing risk-taking behaviour is shaping the engineers’ ability to predict uncertain situations and task-related problems that can lead to a higher satisfaction and ITS (Igbaria et al., 1992). Despite this, engineers tend to solve daily technical problems using their conscious and sub-conscious mental systems to create interesting and enjoyable environments (Campbell et al., 2012; and Kharbanda et al., 1990). Assigning interesting tasks have positively influenced the engineers’ job involvement and career satisfaction \((r=0.32, p<0.01)\), and has been negatively correlated to the intention to leave \((r=-0.30, p<0.01)\) (Igbaria et al., 1992). Hence, based on the literature, it is hypothesised that:

**H3: A higher level of risk-taking by engineers will lead to higher ITS.**

### 2.2.4 Autonomy and ITS

Autonomy refers to the independent action of an individual or a team bringing forth the idea or vision and carrying it through to competition (Lumpkin et al., 1996). Khalili, Nejadhussein and Fazel(2013) believe that a significant amount of autonomy affects an individual’s goal achievement and the challenging nature of the job; as all these motivational factors lead to a higher level of job satisfaction. For Bolton et al. (2012) autonomy, however, has failed to predict an individual’s entrepreneurial intention due to lower consistency \((0.208)\). Participation by engineers in any decision-making process will make them recognise potential problems and solutions to the related engineering-tasks. Autonomy is the core of the engineers’ career preferences (Tremblay et al., 2002). Autonomy exerts a powerful effect on ITS through improving the EO within an organisation. Based on these arguments, it is hypothesised that:

**H4: Autonomy has a positive and significant relationship with engineers’ ITS**
2.3.5 Competitive Aggressiveness and ITS

Competitive aggressiveness is a necessary element to lead in performance over competitors (Lumpkin et al., 1996). Organisations with a lower competitive aggressiveness would be limited with the innovation process. The important implication of the competitive aggressiveness definition has leveraged more attempts from scholars to relate to organisational performance, growth, and productivity. From an individual’s effectiveness (e.g., job performance and satisfaction), competitive aggressiveness is used for predicting individual (e.g., student) entrepreneurial intentions (Bolton et al., 2012; Elenurm, 2012; Zhang et al., 2012). However, competitive aggressiveness behaviour failed to predict individual entrepreneurial intentions (Bolton et al., 2012). Much uncertainty, however, still exists about the effect of competitive aggressiveness and its influence on ITS amongst engineers. In view of this, the next proposed hypothesis is:

\[ H_5: \text{Competitive aggressiveness is positively and significantly related to ITS amongst engineers.} \]

Figure 1. Research Model

3. Methodology

3.1 Samples and Research Procedures

An exploratory study was designed to answer the primary objective to examine the influence of entrepreneurship on talent retention amongst engineers. The population for this study was the engineers who had registered with the Board of Engineers Malaysia (BEM). Confidentiality was ensured to the respondents and the organisations. The selection of the samples was on the basis of the purposive sampling method, and the responses obtained were subjected to a quantitative analysis. A total of 112 responses were obtained from 300 questionnaires. From the 112, 8 were discarded and only 104 were considered for analysis. This yielded a response rate of 34.67 percent.

3.2 Measures and Instruments

The scale used to measure the items was rated on a 7-point Likert response scale ranging from 1 (strongly disagree) to 7 (strongly agree). The scales for measuring the five dimensions of entrepreneurship were derived from the EO theory. This scale consisted of innovativeness (seven items), proactiveness (seven items), risk-taking (six items), autonomy (four items), and competitive aggressiveness (five items). All items used were on the seven-item scale developed from previous studies (Covin et al., 1986; Lumpkin et al., 1996). Six items were used from the scale developed by Govaerts, Kyndt, Dochy, and Baert (2011) to measure the ITS.

3.3 Data Analysis Procedure

The data were analysed using SmartPLS 3.2.6, a variance–based structural equation modelling (SEM) to test the hypotheses of the study (Hair, Hult, Ringle, & Sarstedt, 2014). The reasons for adopting Smart-PLS were: a) capable to handle reflective and formative measures; b) able to accommodate the small sample size; and c) to predict the relationships between variables. It can also simultaneously testing the two
models: a) measurement; and b) structural model.

4. Results
From a total of 104, 85 participants (81.7 percent) were graduate engineers (81.7 percent) whilst 19 (18.3 percent) represented professional engineers. The total sample was comprised of 85 males (81.7 percent) and 19 females (18.3 percent). 55.8 percent of the participants were aged between 26 and 35 years old, 57 (54.8) percent were married, and the majority of the participants were Malays (82 percent). The majority of the participants or 83 (79.8 percent) had a graduate degree, 60 participants (43.3 percent) were working in Melaka and 45 (43.3 percent) of the participants had between 1 to 5 years’ experience. Manufacturing firms were the highest (38.5 percent) contribution for this study. Table 3 presents the demographic profile.

<table>
<thead>
<tr>
<th>Table 3. Demographic Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Category</strong></td>
</tr>
<tr>
<td>-------------------------------</td>
</tr>
<tr>
<td><strong>Status of Designation</strong></td>
</tr>
<tr>
<td>Graduate Engineers</td>
</tr>
<tr>
<td>Professional Engineers</td>
</tr>
<tr>
<td><strong>Gender</strong></td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td><strong>Age</strong></td>
</tr>
<tr>
<td>Below 25 years olds</td>
</tr>
<tr>
<td>26-35 years old</td>
</tr>
<tr>
<td>36-45 years old</td>
</tr>
<tr>
<td>46-55 years old</td>
</tr>
<tr>
<td>56 years old and more</td>
</tr>
<tr>
<td><strong>Marital Status</strong></td>
</tr>
<tr>
<td>Single</td>
</tr>
<tr>
<td>Married</td>
</tr>
<tr>
<td>Divorced</td>
</tr>
<tr>
<td><strong>Race</strong></td>
</tr>
<tr>
<td>Malay</td>
</tr>
<tr>
<td>Chinese</td>
</tr>
<tr>
<td>Indian</td>
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<td><strong>Education Level</strong></td>
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<tr>
<td>Diploma</td>
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<tr>
<td>Bachelor Degree</td>
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<tr>
<td>Master Degree</td>
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<tr>
<td>PhD</td>
</tr>
<tr>
<td><strong>Length of Service</strong></td>
</tr>
<tr>
<td>1-5 years</td>
</tr>
<tr>
<td>6-10 years</td>
</tr>
<tr>
<td>11-15 years</td>
</tr>
<tr>
<td>16 years and more</td>
</tr>
<tr>
<td><strong>Location</strong></td>
</tr>
<tr>
<td>Johor</td>
</tr>
<tr>
<td>Kuala Lumpur</td>
</tr>
<tr>
<td>Melaka</td>
</tr>
<tr>
<td>Selangor</td>
</tr>
<tr>
<td><strong>Specification of Business</strong></td>
</tr>
<tr>
<td>Accounting/Finance/Banking</td>
</tr>
<tr>
<td>Arts/Media/Communication</td>
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<tr>
<td>Building/Construction</td>
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<tr>
<td>Computer/IT</td>
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<tr>
<td>Electrical &amp; Electronics</td>
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<tr>
<td>Manufacturing</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
</tr>
<tr>
<td>Sciences</td>
</tr>
<tr>
<td>Others</td>
</tr>
</tbody>
</table>
4.1. The Measurement Model

First, we assessed internal consistency (Composite Reliability), indicator reliability, convergent validity (AVE), discriminant validity (HTMT) and multicollinearity assessment. As reported in Table 4, factor loadings of each item exceeded 0.70, ranged between 0.712 and 0.935. It means the items used for measuring the constructs have satisfactory internal consistency reliability. For indicator reliability, items with loadings below 0.70 were removed and the items were INNO1, INNO6, RISK3, AUTO3, COMP1 and COMP5. Composite reliability for each construct was ranged between 0.878 and 0.939, and these threshold values were above 0.70. For the AVE, the values exceeded 0.50, ranged between 0.629 and 0.755.

Next, we assessed the discriminant validity of the scales based on HTMT, as a new approach to assess the discriminant validity for variance-based SEM. These results indicated that the present study has adequate convergent validity since the value lower than 0.85. Table 5 presents the correlation estimates for the HTMT. The results show that the correlations between constructs were ranged between 0.611 and 0.802, and it was indicated that the discriminant validity was met the criteria for the HTMT assessment. For the multicollinearity assessment, the value of the Variance Inflation Factor (VIF) must be below than 0.50. Table 4 shows the VIF results that the mean values for each construct were ranged between 2.243 and 3.655. Therefore, the values of VIF posited that each of the independent variables (innovativeness, proactiveness, risk-taking, autonomy, and competitive aggressiveness) did not have a multicollinearity with its dependent variable (ITS).

<table>
<thead>
<tr>
<th>Constructs/Items</th>
<th>Loadings</th>
<th>CR</th>
<th>AVE</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovativeness (INNO)</td>
<td></td>
<td>0.939</td>
<td>0.755</td>
<td>3.655</td>
</tr>
<tr>
<td>INNO2</td>
<td>0.815</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INNO3</td>
<td>0.876</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INNO4</td>
<td>0.935</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INNO5</td>
<td>0.864</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INNO7</td>
<td>0.852</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proactiveness (PROAC)</td>
<td></td>
<td>0.935</td>
<td>0.673</td>
<td>3.321</td>
</tr>
<tr>
<td>PROAC1</td>
<td>0.843</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PROAC2</td>
<td>0.799</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PROAC3</td>
<td>0.831</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PROAC4</td>
<td>0.712</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PROAC5</td>
<td>0.825</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PROAC6</td>
<td>0.870</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PROAC7</td>
<td>0.852</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Risk-taking (RISK)</td>
<td></td>
<td>0.900</td>
<td>0.644</td>
<td>2.647</td>
</tr>
<tr>
<td>RISK1</td>
<td>0.749</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>RISK2</td>
<td>0.773</td>
<td></td>
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<tr>
<td>RISK4</td>
<td>0.768</td>
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<tr>
<td>RISK5</td>
<td>0.859</td>
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<td></td>
<td></td>
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<tr>
<td>RISK6</td>
<td>0.857</td>
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<td></td>
</tr>
<tr>
<td>Autonomy (AUTO)</td>
<td></td>
<td>0.879</td>
<td>0.708</td>
<td>2.243</td>
</tr>
<tr>
<td>AUTO1</td>
<td>0.824</td>
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<td></td>
<td></td>
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<tr>
<td>AUTO2</td>
<td>0.864</td>
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<td></td>
<td></td>
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<tr>
<td>AUTO4</td>
<td>0.836</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Competitive Aggressiveness(COMP)</td>
<td></td>
<td>0.878</td>
<td>0.706</td>
<td>2.621</td>
</tr>
<tr>
<td>COMP2</td>
<td>0.784</td>
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</tr>
<tr>
<td>COMP3</td>
<td>0.846</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>COMP4</td>
<td>0.888</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Intention to Stay (ITS)</td>
<td></td>
<td>0.894</td>
<td>0.629</td>
<td>-</td>
</tr>
<tr>
<td>ITS1</td>
<td>0.804</td>
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<td></td>
<td></td>
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<tr>
<td>ITS2</td>
<td>0.716</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>ITS3</td>
<td>0.877</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ITS4</td>
<td>0.808</td>
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</table>
Table 5. Discriminant Validity (HTMT)

<table>
<thead>
<tr>
<th>Latent Constructs</th>
<th>AUTO</th>
<th>COMP</th>
<th>INNO</th>
<th>ITS</th>
<th>PROAC</th>
<th>RISK</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUTO</td>
<td></td>
<td></td>
<td></td>
<td>0.802</td>
<td></td>
<td></td>
</tr>
<tr>
<td>COMP</td>
<td>0.762</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INNO</td>
<td>0.610</td>
<td>0.461</td>
<td></td>
<td>0.698</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ITS</td>
<td>0.746</td>
<td>0.692</td>
<td>0.893</td>
<td></td>
<td>0.645</td>
<td></td>
</tr>
<tr>
<td>PROAC</td>
<td>0.757</td>
<td>0.890</td>
<td>0.688</td>
<td>0.609</td>
<td>0.611</td>
<td></td>
</tr>
<tr>
<td>RISK</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: AUTO-Autonomy; COMP-Competitive Aggressiveness; INNO-Innovativeness; ITS-Intention to Stay; PROAC-Proactiveness; RISK-Risk-taking

4.2. The Structural Model

A structural model of PLS was examined each of the hypothesis to test the relationship between constructs that operationalised as latent variables (LVs). We performed the bootstrapping with a re-sampling 5000 for 104 cases to obtain the path estimates, standard errors and the t-statistics to report the significant relationships between variables. To evaluate the structural models’ explanatory power, we calculated the $R^2$, the amount of variance explained by the exogenous variable (ITQ), whilst predictive power, we assessed path coefficient ($\beta$), predictive relevance ($Q^2$) and relative impact ($q^2$).

For explanatory power, the LVs (e.g. innovativeness, proactiveness, risk-taking, autonomy, and competitive aggressiveness) were explained 45.6 percent of the variance, with $R^2$ (0.456). Next, we measured the effect size ($f^2$) to witness the impact of the exogenous latent variables for the endogenous latent variables. The formula used for calculating the effect size was ($f^2=R^2$ included-$R^2$ excluded / 1-$R^2$ included). The guidelines of the effect size were as follows: 0.35-large; 0.15-medium; and 0.02-small (Hair, Hult, Ringle, & Sarsted, 2014). From the path model, the effect size of risk-taking ($f^2=0.061$), innovativeness ($f^2=0.045$), competitive aggressiveness ($f^2=0.021$) and proactiveness ($f^2=0.020$) were found to have small effect size on ITS. However, autonomy ($f^2=0.007$) did not provide at least a small effect size on ITS.

Table 6 presents mixed results the path coefficients, observed t-statistics and the significance level of the
hypothesized relationships between variables. From the analysis, it was found that innovativeness ($\beta=0.329$; $t=2.222$, $p<0.05$) was positively related to ITS. Therefore, hypothesis $H1$ was supported. Similarly, $H2$ ($\beta=0.200$; $t=1.688$, $p<0.05$), $H3$ ($\beta=0.317$; $t=2.479$, $p<0.05$) and $H5$ ($\beta=-0.228$; $t=1.851$, $p<0.05$) reported that proactiveness, risk-taking and competitive aggressiveness had a positive and significant relationships on engineers’ ITS, therefore these three hypotheses were accepted. However, $H4$ has to be rejected as the data did not support the influence of autonomy on ITS amongst engineers ($\beta=0.110$; $t=0.959$). The predictive relevance of the Stone-Geisser’s ($Q^2$) test of ITS was obtained by the blindfolding procedure, and the value was 0.421, and it indicated that the predictive relevance of the PLS path model. Figure 3 shows the bootstrapping results.

![Figure 2: The PLS-Bootstrapping Results](image)

**Table 6: Results of path coefficients and observed t-statistics**

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Relationships</th>
<th>Path Coefficient</th>
<th>t-value</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>$H1$</td>
<td>Innovativeness→ ITS</td>
<td>0.329</td>
<td>2.222 *</td>
<td>Supported</td>
</tr>
<tr>
<td>$H2$</td>
<td>Proactiveness→ ITS</td>
<td>0.200</td>
<td>1.688 *</td>
<td>Supported</td>
</tr>
<tr>
<td>$H3$</td>
<td>Risk-taking→ ITS</td>
<td>0.317</td>
<td>2.479 *</td>
<td>Supported</td>
</tr>
<tr>
<td>$H4$</td>
<td>Autonomy→ ITS</td>
<td>0.110</td>
<td>0.959</td>
<td>Not Supported</td>
</tr>
<tr>
<td>$H5$</td>
<td>Competitive Aggressiveness→ ITS</td>
<td>-0.228</td>
<td>1.851 *</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Note: *$p <0.05$*

5. **Discussion and Conclusion**

The present study was designed to fill the gaps of EO literature and its influence on talent retention amongst engineers in Malaysia. Malaysian engineers’ positive behavioural intentions (e.g., ITS) depend on their EO. The positive relationships between EO (e.g., innovativeness, proactiveness, risk-taking, and competitive aggressiveness) and ITS have proved the arguments from previous studies (for example, Abdull Rahman, 2012; Bolton et al., 2012; Kollman et al., 2007; Igbaria et al., 1992). This current study concludes that engineers’ ITS could be enhanced by practising EO within an organisation. As the EO of an engineer increases, it is probable that his or her ITS will also increase. Engineers with higher innovative behaviours will support exceptional ideas and novelty, and transform them into profitable products.
Autonomy and ITS, unfortunately, had no significant relationship. This present study believes that a considerable amount of autonomy will boost engineers’ independent behaviours to resolve engineering task-related problems. From an individual’s perspective, EO should strive for a high degree of autonomy, emphasising the individual’s attitude towards innovation and involving the amount of risk to produce challenges and interesting tasks. Bigiardi, Petroni, and Dormio (2005); Igbaria et al. (1992) and Kharbanda et al. (1990) have seen engineers’ behaviours as unique, unpredictable, and full of challenge. Whole phases of the engineer’s life cycle within an organisation will be determined by several aspects, such as personality, socialisation, technical investment, learning and development, and career orientations (Abdull Rahman, 2012; Korte & Li, 2015; Williamson et al., 2013).

The results supply crucial information to organisations as a fundamental means to understand engineers’ behaviours and attitudes towards employment. The empirical results have revealed that EO support engineers’ intention to remain in their current jobs and organisations. Although previous studies have confirmed that EO influence organisational performance (e.g., profit) and growth, none of the available literature provides a link between EBs and talent retention amongst engineers. The pure behaviours of engineers generally relate to a freedom to innovate things, facing uncertain situations, and exposing their creativity to technical knowledge. EO will emphasise the engineers’ ability to overcome task-related challenges and act parallel to industrial demands. Moreover, with the emergence of technological, product, and administrative innovation, it has been claimed that many organisations must support the engineers’ readiness to adopt ideas, and recognise and balance risks. Technology, for example, has been a crucial player in the competitive marketplace, and has influenced engineers’ awareness about filling in the gaps of having core engineering skills and competencies to support their employment and behavioural expectations.

6. Implications and Recommendations

To date, organisations suffer from investing internal cost for recruiting and selecting new talented engineers to replace those who have left, and most probably the new staff may not have acquired the same talents. Cases of engineer migration to other firms have exposed firms to a higher turnover, and employers depend highly on their current experts. The dramatic increase in the need of engineers is linked to technological demands, superior technical knowledge, and the major roles in innovation processes (Campbell et al., 2012; Kharbanda et al., 1990). The awareness to attach EO in engineering tasks and jobs must be developed at the first place where engineers can use EO as a job performance reference. Therefore, it is advisable to make it a policy for the management and HR managers to link the engineers’ level of performance with their EO for their career orientations. This will probably encourage engineering practitioners to design their jobs according to the engineers’ abilities to develop and innovate ideas and thoughts, and transform them into tangible results.

A robust theoretical implication from previous studies (for example, Bolton et al., 2012; Kollman et al., 2007) mentioned that the EO theory is a valid construct for measuring an individual’s entrepreneurial behaviour within an organisation. This argument is significant on why many individual employees rely on their EO for extending their commitment and retention decisions toward the same employment. The effort to match engineers with EO is said to develop engineers as potential entrepreneurs with several characteristics. Amongst them are autonomy, flexibility, adaptability and the capacity to cope with and manage change, self-motivation and drive, analytical ability and decision making, communication and interpersonal skills, team working abilities and skills, organisation, planning and prioritisation abilities, ability to innovate, mental and physical resilience, leadership ability, managing long term projects, time management, risk-taking, creativity, and being an agent of change. Engineer-entrepreneur dual roles impose a power of being a talented individual within an organisation, and are an important source for engineers to be actively involved with many innovation activities for organisational long-term successful entrepreneurial performance.
This present study has examined the influence of EO on ITS amongst Malaysian engineers. The findings of this study could be used to help organisations to encourage EO amongst engineers and control their movement to other employers. The talent retention model makes these findings less generalizable to other professional employees. However, this study realises a few potential limitations. Firstly, the sample size for data analysis and interpretation was small. Secondly, the response rate for the study was mainly recruited from limited states in Malaysia. Therefore, it is suggested to increase the number of participants from various nations and industrial businesses. Thirdly, this present study has used established items for measuring the EO of engineers within an organisation. There are still other specific but limited items for EO that can be used to measure individual EO. Hence, future research can identify the specific items for measuring the EO amongst key employees. It is also recommended that further research should explore, usefully, EO and talent retention amongst other professions, such as accountants, medical doctors, lawyers, lecturers, or architects. Further research is suggested to explore and combine the EO theory and other theories (e.g., social cognitive theory and social exchange theory) in predicting employee’s behavioural intentions, job and career satisfaction. A greater focus on talent retention could produce interesting findings that account for more variables, such as teamwork, organisational citizenship behaviour, leader-member exchange, trust, and organisational support.

References


Overcoming Workplace Challenges: A Qualitative Study of Resilience Factors of Indonesian Women Factory Workers in Malaysia

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Workplaces Challenges, Resilience, Indonesian Women Factory Worker

JEL Classification: M54, M59

ABSTRACT

Purpose: Aim to explore the experiences of Indonesian factory workers who perceived themselves as resilient individuals. This paper report the strategies used by Indonesian women factory workers to develop and maintain their resilience, despite encountering serious workplace challenges. Background Despite the potentially adverse effects of their quality of life such as psychological, social aspect thrive through exercising self-efficacy and coping skills. Resilience refers to the ability to cope well with challenges and change.

Methodology: The method of this study is collective case study investigation of personal resilience from 20 Indonesian women factory workers. Interview transcripts were analyzed thematically.

Results: Indonesian women factory workers attributed their ability to succeed in the workplace to four major influences: Spiritual aspect, Social support, personal competence, Job environment

Implication: Conclusively, Indonesian women factory workers’ resilience ability insights contributed to a deeper understanding of personal resilience and highlight future initiatives to enhance the ability, skill and performance of factory workers in their workplace.

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1. Introduction

Malaysia has the highest migrant workers number in Southeast Asia, representing approximately 20% of the country’s labour force (Malaysia Digest, 2015). At present, it has 2.9 million recognized and almost another 3 million unrecognized workers (Malaysia Digest, 2015), with the bulk of the worker from Indonesia, it was established that Indonesia has 50.9%, of the total migrant populace (Ahmad, 2012). This indicates that 1 in 3 of the workers in Malaysia are migrants(Robertson & Association, 2009). Indonesian women migrant workers have been a vital part of Malaysia’s foreign migrant force for several decades and there is every indication that migrant workers will continue to play an essential role in many sectors of the Malaysian economy, including manufacturing(Kaur, 2008). Women migrant workers constituted approximately one-third of all foreign workers in manufacturing and one-half of all workers in the service sector. As previously noted, in Malaysia’s importan electronics industry, there were around 300,000 migrant workers, of whom 70 – 80 per cent was women (Yong, 2006, p. 31). Migrant factory
workers contribute substantially to the welfare of their families back home as well as to the city’s economy, however Study shows that they have high depression (Bhugra & Ayonrinde, 2004; Mou et al., 2011), this may be due to social stigma stereotyping, separation, status loss, discrimination, unfair treatment, and exclusion. These may also be source of their stressors (L. Li et al., 2007). All of these factors may contribute to their mental health problems. However Some Indonesian women factory worker have resilience to overcome challenges in Malaysia.

1.1 Aim
This study is to explore the experiences of Indonesian women factory workers who perceived themselves as resilient individuals. This paper report the strategies used by Indonesian women factory workers to develop and maintain their resilience in spite of challenges and changes.

2. Literature Review
Although, migrant factory workers contribute significantly to the welfare of their families back home as well as to the city’s economy, however Study shows that they have high depression (Bhugra & Ayonrinde, 2004; Mou et al., 2011), due to social stigma stereotyping, separation, status loss, discrimination, unfair treatment, and exclusion (L. Li et al., 2007). In contrast, other studies have revealed that women migrant workers may benefit from migration, with advantages such as greater autonomy, freedom from the oppression of rural patriarchy and greater exposure to modern living (Wong, He, Leung, Lau, & Chang, 2008). Indonesian women factory workers face significant challenges, due to the character of institutions, and women’s difficulties in adopting and internalizing the notion of ‘empowerment’ (Miles, 2016). Malaysia is one of the most export-dependent economies globally, one which is heavily reliant on women migrant workers, yet women possess limited prospects for moving up the occupational ladder or improving their economic position (Wye & Ismail, 2012). There are some advantages to hire Migrant factory workers such as easily fired when firms want to cut back on their labour force, and easily re-hired when firms want to expand again”, low payment compare to local factory workers. All these bring Migrant factory workers insecure in their workplace. Most of the women factory workers have come purposely to come and work so as to pay back their family debt due to the crumbling economy back in their country, Indonesia. They claimed they are motivated to work in Malaysia to support their families back home as well as to seek a better life for them. The difference in wages between Malaysia and Indonesia is large; the official estimate say that wages in Malaysia are up to three times higher than in Indonesia, (National wages and productivity commission 2014). Indonesian women factory workers have many challenges in the workplace, in relation to women’s housing and health, and their interactions with locals, Moreover they are associated with the rise of sexual and moral problems (Hamidi, 2016)

Workplace challenges can be viewed as any nerve-wracking, negative, stressful, or difficult condition or occurrence of adversity that is faced in the occupational scenery. As Indonesian Women factory workers have multifaceted trials in their workplace like challenges as women migrant workers and the nature of their job as well. Work-related stress in factory included measures of job type (production or office), overtime, night work, exhaustion, job security, sick days, and a composite score of job strain. Working conditions are keys to understanding psychological well-being of workers who are frequently exposed to hazardous environment. Both physical and psychosocial work environment are important. According to previous studies, shift work, long work hours, hazardous work environment (e.g., exposure to noise or toxic chemicals) might be potential risk factors for poor mental health of the Chinese factory workers (X. Li, Yang, & Xu, 2006) Migrant workers in the factories have to work long hours – almost 12 hours per day and usually with overtime, including weekends. As many of them live in the factory premises, they have little time to get out and enjoy leisure time or a social life. A few may also experience sexual harassment and discrimination by their superiors in the factories (Wong et al., 2008; Wong & Song, 2008). Furthermore mostly factory workers have limited physical activity; this can as well trigger depression in them (Liu et al., 2015).
Resilience is considered as self-motivated procedure incorporating encouraging adaptation in the context of noteworthy hardship (Luthar, Cicchetti, & Becker, 2000). Mental resilience is expressed as the ability to move in an optimistic direction from the point of negativity, distressing or stressful experiences. Resilience results to flourish at place of work and cope with the changes by getting the problem solved (Tusaie & Dyer, 2004). Individuals with good resilient ability responds to confrontational situations by identifying and admitting the influence, the time invested, the energy and the resources required to bounce back to equilibrium (Youssef & Luthans, 2007). Furthermore, resilience afford an individual to make use of any obstacles as a springboards(Youssef & Luthans, 2007), or at times, an opportunity to advance and develop. In another development, resilience play a substantial part in managing stresses that are positive and also, resilience might be characterized as a coping strategy to both adverse and positive events like promotions or new employment tasks or requirements. (Davidson & Moss, 2011) argued that positive thinking and its core dimensions such as resilience are expedited whenever an individual possess a sincere involvement and enable environment in the workplace. Strategies for self-growth can assist in developing personal resilience towards workplace challenges, most importantly, self-grounded challenges such as establishing positive cultivation professional relationship and networks, positivity maintenance, Emotional perception development, Attaining spiritual and life balance and achieving more reflective mood.

3. Methods
In this study, a case study approach and qualitative data collection methods were used to investigate the phenomenon in question. The research design was an instrumental collective case study, investigating particular cases. The study aimed to explore personal resilience through an instrument; examining the ‘wholeness’ of the specific case facilitated understandings.

Table 1 below outlines the demographic details of the 20 case study participants and potential factors responsible for their experience while working at a factory in Penang Malaysia. The respondents were subjected to psychological test using Connor Davidson resilience scale (CD-RISC) to see the level of resilience. For the test we selected 20 participants, out of which 10 have high resilience and 10 low resilience and already working above 2 years. After giving their conversant consent, the participants were interviewed at a convenient time and place. The interviews were designed to be semi-structured and conversational, covering topics from the participants’ personal support networks, work environment, experiences of surviving and thriving in the workplace, understandings of resilience and their views on the resilience enhancement through professional development.

This paper report specifically on how the interplay of these factors that enhanced resilience are assessed qualitatively. In keeping with a qualitative, exploratory approach. The analysis was founded on a non-linear procedure of understanding, synthesizing, hypothesizing and re-contextualizing the words of the participants into an authentic explanation of experiences. The process initiated with many readings of the transcripts, taking the memo of crucial ideas, experiences and opinions of participants. Thick description was used to form clear, eloquent clarifications of the phenomena being explored. Then main features of both individual and collective standpoints were incorporated to form themes.

4. Results
The study participants were aware of the negative effects their work caused to the health and well-being of their colleagues, and stated that they experienced similar problems themselves at several stages of their careers. Study participants were aged between 18 to 44 years; they have been working in Malaysia between 2-8 years. Out of 20 participants, 18 were single, one was widowed and one was the married. Socio-demographic characteristic of the participants are detailed in Table1. According to Connor Davison resilience scale (CD- RISC) 10 out of the 20 participants were having high resilience level and the rest has moderate level. Therefore, they are more productive and stronger by overcoming their everyday workplace challenges.
Four major themes revealed how Indonesian women factory workers resolved the negative impact of workplace challenges, they are; Spiritual aspect, Social support, personal competence, Job environment (Table 2).

1. Spiritual Aspects

   Religious activity---- spiritual relationship with God

Participants believe going to church regularly make their strength renew and recharge, therefore they always prioritize time for church. For example, one of the respondents believes that going to church regularly is her strength. In her words,

*Every time I come back from church I feel my strength renewed and recharge again (Dona)*

Some participants voluntarily engaged in some form of service at the church so they feel confidence and significant to others. One of them claims she improves her social skill from the church activities which is an important skill in her company. She claimed;

*I learn to lead and serve others in my church. I feel confident when I relate to people in my company and significant because I can help others.*

Religious activities have surpassed both the contexts and consequences of inequality as clearly demonstrated through association and serving with minimum stress, happiness, satisfaction, fulfillment, and renewal. Two of the respondents said that church provide them the properties of bonding to others (“to serve another family”), spiritual influence and reframing (“God is there for me”), and engagement in activities of high personal interest (“I love what I’m doing”):

*When I get here in church, I am very happy, I forget my six working day rigors, time fly fast, I felt that it’s a brand new day again when I go back to my house, because any time I come here to church, my stress is removed and I am renewed, I feel that I have so many friends here, that make you laugh, then have some fun together. (Yenny and Tri)*

Gratitude

Gratitude is an expression of spiritual experiences of participants who gave thanks to God for protection over their lives, particularly for overcoming the hurdles as migrant workers. One of them feels thankful because she can survive work in Malaysia because of God’s protection

*I am so thankful to God because He always helps me to overcome my problem and difficulties. (Ida)*

2. Social support

Social support factors were identified as being useful for improved personal resilience and flourishing within a possibly destructive workplace.

*Family*

The participants strongly believed that the family supports increased their ability to feel emotionally secure and sustain a positive self-concept when dealing with the negative events and conditions of their working lives. A respondent expressed the value she placed upon her Mother and her sisters who provided emotional and practical support:

*I always talk to my Mother whenever I feel sad she always cheer me up. My Sisters also work here so I often visit them whenever I lonely. I feel so happy whenever I hang out with my sisters. (Sanny)*

Participants shared accounts of hardships and happiness with family members. Distributing care across borders, they drew emotional strength from one another. One of the respondents expressed the value of her family to boost her energy anytime she has stress

*I feel my energy booster when I talk to my family. So whenever I am down and tired I just call them. They are my strength (Franny)*

Participants believe their family is motivation for working in Malaysia so difficulties and challenges will not make them stop. Desy’s family relies on her therefore she must be strong

*My family is very poor. So they relied and need me. If I am not working how can my family live?, so that is why I always say to myself I have to be strong (Desy)*

*Friends in the workplace*

The blooming participants were very conscious of the role of friends support, believing it delivered the
most significant benefit when facing trials or adverse outcomes at work, even more active than that of support from partners or close friends. These participants had built an atmosphere conducive for positive communication within their work environments.

One of the respondents felt her friends in the workplace are like family because they live and work together all the time. Another one said whenever she feels tired and inadequate her team helps her a lot. Meanwhile, another respondent experienced very difficult in the first year, but her friends trained her how to control the system. Signifying a depth of trust and confidence in the support of her colleagues:

*I still remember the first year in my company I totally lost but thank God. My seniors help me to operate the engine. She was really kind and patient to teach me all things that I should know.* (Yenny)

An important element of these supports was that colleagues shared skill, knowledge of the organizational hierarchies, issues that relate to the relationship dynamics within the department. These participants had built communal, helpful relationships with each other over years of working together, sharing similar experiences, especially as migrant workers in dealing with workplace challenges. They believed, because of these shared experiences, their colleagues could better understand their feelings and circumstances.

One of them recounted her experience of finding resolution from feelings of guilt, shame and inadequate and the regaining of confidence in her skill to control the engine: In her words,

*I was so panic because suddenly the engine stop and I am the only one in that system that time, then my leader came to settle the problem. I feel guilt, shame and feel really bad about it,’ and then I’d think about it all day. Eventually, talking to my friend [colleagues], getting their positive feedback, reflecting on what happened, different ways of responding and how I can improve in the future, all these really help me to release my stress.* (Kartika)

Participants enjoyed working processes and conditions which supported sustainable relationships at work; they were generally able to take meal breaks together, and they have same sifted worked regular hours, so it was easier to arrange opportunities for interaction and reciprocity, such as go with same bus. For Rosemary, having an approachable person in the hostel and her department was an essential part of feeling secure and satisfied in the job, and influenced her sense of belonging and not feel lonely:

*[Her] door is always open if you’re stressed, you can always knock on her door, sit down with my friend in her room and go through it.* (Rosemary)

3. Personal competence

Personal competence factors associated with resilience were seen as vital to weathering the effects of workplace trials. Participants observed that their personal skills and resilient attributes which had developed over time contributed to their sense of competency and wellness. In addition, personal practices supporting holistic health and well-being, and self confirming beliefs about themselves and their ability to change situations to their advantage had helped them to persist, sometimes over long careers, despite persistent and potentially damaging problems with their workplace.

Self-care

Participants who felt they are flourished in the work environment show how they spent their free time such as rest, sports, do their hobbies and hang out with friends so that they can sidetrack worrying aspects of work. Participants believed that refreshing activities, such as sports, music, do their hobbies and hang out with friends were relaxing and helpful for dealing with workplace stress. One of them described listening to music and doing “Zumba” dance as her self-care strategies:

*I just go home, put some music on and once a week during my day off I go with my friend for Zumba dance and then we go hang out. I feel so energetic whenever I do Zumba dance.* (Corry)

Like Corry, group activities contributed to self-care for several participants. However, some participants found it useful to disengage completely from other people through activities such as sleeping and jogging and praying or having a regular day alone:

*I like to be alone, especially when I have the day off. I like just to sleep whole day and jogging* (Priska)

*My prayer time is really energizing and charges me* (Ida)
Dream to have better education
Having a dream to have a better education is patterned and behaviors that are also beneficial in sustaining the participants. Lisma’s dream is to be a teacher, which makes her diligent and committed to finish the contract time.

> My goal helps me to finish my commitment, so that I can earn money as much as I needed for my further study. (Lisma)

Sarida and Desi believe working in factory is only for temporary, so whenever they have stresses in the workplace, they just remind themselves of their biggest dream

> Every time I feel so sad and down, I always remind myself it’s just two years after I can study in university. (sarida)

> Working in factory is just a stepping stone for me because I really want to go to university. (desi)

4. Job Environment
Participants described job environment and their roles within the organization as a means of enhancing their resilience. They organized their work to emphasize the satisfying aspects, which helped them overcome the work-based difficulties they faced. These measures facilitated self recognition of their contribution in an atmosphere with little formal acknowledgement, instilling some intrinsic rewards of giving good salary and loan. Work became more personally rewarding with greater scope for leadership, decision-making and enjoyable challenges.

Good salary and loan (reward and benefit system)

> Though life in Malaysia is hard, but I can earn much money as long as I am willing to work hard (Tamaria)

> Though it is so stressful but it’s worthy because I can see the fruit of my hard work (Ida manulang)

> I am sorry to say this I can bear all the suffering only because the salary is good so that I can support my family (Lisma)

The teamwork in the factory

> I have been working with this factory for seven years. I really like my factory because the leader is good. My leader treats us equally and also he always give us reward if we achieve the targets. So it gives me motivation to work hard “

> I like my team, we are taking each other as one team, although we have so many jobs. I always have energy because I like my leader and my team”

> Our relationship with my team is like family because we share our burden together and also we have same suffering “

5. Discussion
For the participants in this study the most significant form of protection from workplace challenges was spiritual aspects. This coincides with the outcome of past study, Religious activities serving as “a context for building competencies in their members,” in which the skills and talents of Indonesian women factory workers are recognized and developed (Hathaway & Pargament, 1991, p. 84). Helping others might have increased participants’ capacity to handle their own hardships (Lietz, 2011). More so, Spiritual activities were motivated by and involved for spiritual resolutions and meaning. Past research studies have a tendency to disregard the supreme nature of spirituality in favour of the social or organizational potentials of religion (Henery, 2003).

Social support contributes to improved resilience. This is in conjunction with earlier literature that recognizes friends as a significant component of workplace resilience (Jackson et al. 2007). In this study, the participants who believed they were prosperous had recognized mutual relationships which occasioned in helpful information being taken when desired, minimized stress in individuals and
permitted productivity and effectiveness. Their social support enabled successful triangulation through the organizational hierarchy, which reduced the personal liability experienced and placed the participants for greater job satisfaction and probable career benefit. Their team work strengthened a sense of belonging which affected the positive approaches towards the workplace and kept their commitment to work alive. Social support can improve resilience level of Indonesian factory workers, this finding is in line with other studies. High value social support and family support was shown to be connected with increased resilience and lower levels of psychological glitches in all stages of the encounter-prompted mandatory migration (Siriwardhana, Ali, Roberts, & Stewart, 2014)

Personal proficiency such as self-care and dream to achieve higher education also appeared as primary ways that Indonesian women factory workers help themselves uphold a sense of stability in challenging workplaces. Previous research proposed the advantages of workers in large scale organizations owning confidence and flexibility (Avey, Nimnicht, & Graber Pigeon, 2010). Self-care and dream to have higher education appeared as the important factors for these Indonesian women factory workers, they may be measured as part of a variety of resilient personal features, including optimism, flexibility, toughness, passionate intuition and life balance (Jackson et al. 2007). Recent research has stretched the concept of self-care to more than temporary, gratifying happenings that divert from workplace stressors and enhancement energy levels (Richards, 2013). Reasonably, routine maintenance of physical and emotional health and well-being must be realized as crucial to personal and professional resilience. Work life balance practices may augment employee resilience (Wood & de Menezes, 2010)

Job Environment in term of salary and Leadership contribute to augment the resilience of Indonesian women factory workers. Guaranteeing safer and healthy workplaces, offering better salary and benefits, providing higher job security and recurrent managerial interactions may slightly help moderate the dominance and problem of depression (Fitch et al., 2017). In another study, it is established that reward system and working condition can improved resilience (Cascio, 2012). The factors that influence their resilience are job demands, job deprivations, and job rewards, and by the work environment, both physical and social (Loscocco & Spitze, 1990). In another related analyses of employee resilience, emphasis is placed on the behavior of managers and leaders (Luthans, 2002). Managers who understand workplace resilience can help employees acclimatize and survive workplace change (Siebert, 2006). While reasonably little is acknowledged about the connection between leader behavior and employee resilience, the research stretched the importance of positivity displayed by leadership (Luthans, Norman, Avolio, & Avey, 2008). Resilience can be advanced by means of various Human Resources Development (HRD) practices (Bardoel, Pettit, De Cieri, & McMillan, 2014)

6. Conclusion
This study’s findings indicated that Indonesian women factory workers are highly resilient able in the center of adversity, trials necessitating a strength-based tactic for practice (Sun, 2013; Wong & Song, 2008). This goes to prove that they are able to withstand the rugged phases associated with migration, working in foreign land rigors without any sign of serious depression. The implication of this study is Indonesian women factory workers’ resilience insights contributed to a deeper understanding of personal resilience and highlight future initiatives to enhance the ability, skill and performance of factory workers in their workplace.
Table 1. Demography of Participants

<table>
<thead>
<tr>
<th>NO</th>
<th>NAME</th>
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<th>EDUCATION</th>
<th>MARITAL STATUS</th>
<th>TIME IN MALAYSIA</th>
<th>Resilience Level</th>
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<tbody>
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Table 2. Resilience Factors Indonesian women factory workers

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<td></td>
<td>• Gratitude</td>
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<td>Job environment</td>
<td>• Good salary and loan</td>
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<td></td>
<td>• Leadership and team work</td>
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<td>Personal competence</td>
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<td></td>
<td>• Dream to have better education</td>
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References
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Harnessing Information Systems & Technology with Supply Chain Management for Performance Excellence in Retail Sector

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Abstract

Purpose: Retailers are revolutionizing the ways they manage their operations and supply chains to meet customer’s ever changing needs. Advancements in Information Technology (IT) and Information System (IS) are supporting the companies to achieve this goal. Core activities of a retailer; stock management, category & space management, forecasting, negotiation and tracking all depends upon efficient supply chain management (SCM). These tasks cannot be executed without the proper implementation of IT/IS solutions at various levels of organizations. The purpose of this paper is to focus on critical SCM performances and to highlight how IT/IS system can help the retailers to overcome the challenges of modern day retail business.

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1. Introduction

In today’s business environment companies strive to achieve competitiveness by effective operations and financial management. The competence in the supply chain management (SCM) is the core of company’s operations excellence (Chou et al, 2004). Over the years the advancement and use of Information Technology (IT) has not only enhanced the productivity almost in every industry, it has also revolutionized the relationship within the organization and with all external stakeholders (Harsono, 2014). It will be not wrong to say that today’s Supply Chain Management (SCM) is dependent upon effective IT solutions. The activities of supply chain, their structure and underlying decision making for the optimal IT solution differ for each industry and even, in some situations, for the same industry with Business to Business (B2B) and Business to Customer (B2C) segregation.

The purpose of this paper is to examine the concept and key performance measures for an effective SCM in the retail industry. The paper highlights how new advancements in IT are enabling effective SCM system. The integration of IT enabled SCM systems have also revolutionized the retail industry. For competitive advantage the key activities of a retailer; the productivity, information sharing, category management and collaboration & forecasting cannot be facilitated through efficiently incorporating IT solution in their supply chain.
2. Consequences of Poor SCM

According to Berman and Evans (2012) in the delivery chain from manufacturer to customer SCM in retailing represents the logistic aspect. For a retailer the SCM includes providing and selling the products as per customer requirement. Although it seems simple however the whole process includes planning, managing, purchasing, distribution & replenishment of products and goods in a distributed geographical environment. The role of IT for SCM in retail becomes more significant to manage communication and track information and data among vendors, distributors, operations team and other external stakeholders.

The implementation of poor SCM strategies can have drastic and negative impacts on the organization value (Sridharan et al, 2005). The consequences of poor SCM can result in inefficiency either due to poor inventory management, shelf management, forecasting and distribution errors. At the time the retailer may be running surplus of some items while having shortage of other critical items. This shortfall of inventory management can easily lead out the retailers to more serious “stock out problem”. Poor forecasting can affect the demand and supply information across SCM chain. This limits the capability to predict requirement of products and items. Distribution delays can hinder deliveries on time from the suppliers to the customer. These shortfalls contribute to not only financial losses faced by retailers but also damage the reputation, lose customers and lead to customer’s dissatisfaction. These factors can be highlighted through the curious case of J.C. Penney. From 2011 – 2013 when the economy was coming out of recession the company losses were almost $3 Billion due to inefficient SCM and failure to incorporate efficient IT solutions according to customer requirements.

3. Methodology

In order to undertake this research the primary tool used for data collection was interviews with the aid of questionnaires. In order to improve data quality one-to-one interview sessions were held. The natures of those interviews were semi-structured. The target audience consists of supply chain, logistic and category managers from leading retailers and manufacturers of the country. The rationale behind development of questionnaire was to collect information regarding key performances measures in retail supply chain management. The questionnaire was designed to collect relevant and elaborative information by utilizing minimum time. Furthermore the data collected was analyzed by using Microsoft Excel. Extra Add-in with the name of Analysis Tool Pack was installed to perform descriptive data analysis.

4. Measuring Retail SCM Performances

There are variety of performance evaluation techniques and frameworks for SCM with the underline criteria of reducing costs, adding value and improving customer satisfaction. Since in many organizations a high cost and budget is involved with the supply chain activities, performance measurement of these activities is very critical (Lankford, 2004). For retail management these measured can be classified as:

1. Effective inventory or Stock management.
2. Category & Space management.
3. Continuous collaboration & forecasting.
4. Supplier negotiation and management.

Effective inventory or stock management is a key parameter for effective retail operational. Managing inventory manually can result in inaccuracy. One of the major bottlenecks in managing retail SCM is the inventory record inaccuracy. The financial impacts of the inaccurate inventory levels could be very drastic and it has direct impact on the retail operations and management. Inventory inaccuracies also hinder the implementation of decision support system for automated ordering & forecasting. In addition, the prevention and correction measures for the inventory cannot be implemented seamlessly till we have picture of true inventory. (DeHoratius et al, 2008)

Category Management Process includes managing the products by assigning them to various categories. The category manager is responsible for managing the assigned category as an individual business unit.
The category management umbrella consists of assortment planning, pricing, merchandising strategy, promotion management & space management. Improvement in the category management can have direct impact on retail productivity. Allocating the appropriate space to each category can also affect the stock level and the supply chain of key categories. According to Weng and Gerchak (2001) the demand rates by retailers depends on the shelf or display space dedicated to the products.

To improve the SCM and on-shelf availability Levy and Weitz (2011) suggests to continuously sharing business information between retailers & suppliers. The exchange of demand & forecasting information in a collaborative way has a direct impact on optimal SCM and can result in:

- Improved customer satisfaction
- On shelf availability
- Product quality
- Pricing

The forecasting models with proper integration of historical and market data can improve the decision making in procurement by managing customer demands.

Supplier negotiation and management is backbone in retail SCM. The result of successful negotiation process is a commitment. This business commitment could result in contract agreement. These contract agreements have a direct impact on level of business, stock management, logistic planning, pricing and ordering mechanism (LI et al, 2003). The negotiation attribute could vary from supplier to supplier due to the nature of the assortment. Managing the competition among suppliers, development of private labels and automated ordering process can significantly reduce the inventory and out of stock problems through the process of negotiation and supplier management.

5. SCM and IT
In this era of globalization, businesses are operating in highly competitive environment. In order to gain competitive advantage and to operate efficiently organizations are focusing more on effective and efficient SCM. Over the past years the advancements in the IT with the development of accessible, practical and affordable means of operating SCM activities, enable the organization to streamline their procurements, logistics, inventories and customer satisfaction levels.

The importance of IT enabled SCM is highlighted by the fact that several large companies spend estimated 50% of their annual capital expenditure on various IT/IS solutions. The reason behind this significant investment: research shows that the investments in the IT/IS systems for efficient SCM has a positive effect on the firms productivity. Moreover, in the rapid changing business environment investments in the IT/IS system for SCM is more for the reason of survival for the organization rather than competitive advantage. Therefore nowadays the emerging trend for the companies is to invest in IT/IS for SCM excellence.

IT is not only facilitating the SCM activates through the use of software only, the advancement in the internet enabled the new endeavor in “e-technologies”. As a result new developments in the form of e-business and e-supply chain management are assisting the implementation and integration of SCM activities more efficiently (Talluri, 2000). On the other hand, advancement in telecommunication and internet increased the richness of communication between firms as well as with customers.

6. Achieving SCM excellence in Retail Management
According to Lockamy (2008) the organization needs a subtle change in their business focus and operations to enjoy the benefits of effective SCM. Moreover, the organizations are required to overcome the significant SCM barriers that exist in the form of insufficient communication, lack of common goal, IT infrastructure and functionally-oriented performance metrics.
Implementing the IT solution in retail at the Head office, store and warehouse levels is a tricky task. Organizations need to have the right mix of technology at these levels for effective design and implementation of SCM.

There is no doubt that organizations opt for better technological solution for their SCM operations but they need to be very careful in their implementation approach. In 2001 Nike blamed their problem of access inventories and delays to i2, the vendor of their SCM system, which costs the company around $100 Million in sales. Another famous example of ineffective supply chain implementation is Hershey Food Corporation. The company spends $112 million in their supply chain management system which included software and computer system from SAP AG, Manugistics, and Siebel Systems. It is estimated that the company will lose $150 million in the next year due to delays and implementation inefficiencies caused by the new system (Sridharan et al, 2005).

So the question is how can retailers achieve the benefits of effective SCM through proper implementation of IT solutions?

Although the contribution of IT span and facilitate all the activities involved in retail management such as accounting, finance, controlling and human resource. However this paper analyzes impact of IT on the key performance measurement in retail SCM already discussed in section 4.

6.1 Inventory & Stock Management
In stock management many parties are involved IT is helping suppliers, merchandisers, and managers in the efficient and collaborative processing of the order and operations management. In addition to automating the ordering process the advance IT tools are helping supply chain or logistic managers in meeting and monitoring the arrival times of the shipments and to take preventive and precautionary step in the case of shipment delays.

6.2 Procurement & Category Management
The role of IT applications and systems are very critical in procurement & category management. The supporting applications facilitate run time communication between procurement teams, store teams, manufacturer and category managers by analyzing stock and price analysis. The historical analysis gives insight to the sales pattern and consumer behavior which streamlines the process of procurement. The IT enables application has made this process more structured and analytical.

By integrating the internal data sources (retail sales and category data) with external data sources (market research & survey) gives a holistic view and tracking for business performance measurement (BPM).

6.3 Supplier Negotiation & Management
Continuous collaboration and communication with supplier is a key element of retail management. Since various marketing and branding elements such as shelf space, branding space or number of promotions are part of supplier contracts. IT applications are enabling various decision support systems for supplier selection, tracking, and negotiations. Based on various criteria’s the Top suppliers are also selected by the intelligent system to be the category captain.

The advancement in networking and communication system has also facilitated the process of vendor negotiations where negotiation can took place remotely. Various studies also highlighted the fact that IT is also the contributing factor is decreasing the IT transaction cost between buyer- supplier and have positive effect on the that relationship and business.
7. Conclusion

Information Technology brings a drastic and revolutionary change in the way supply chain is managed in retail industry. The paper explores the drastic impact of managing the SCM inefficiently. Since in retail industry the supplier side is more dominant the retailers have to manage their SCM in order to take competitive advantage. The performance measure that can result in better profitability, meeting customer demands and achieving organizational goals could be achieved by supply chain excellence. The developments in Information System (ERP systems and e-business) have significantly shaped the efficiency, responsiveness, effectiveness of supply chain activities in retail. Various IT and IS system are enabling the collaborating environment between buyer - supplier and also resulting in intelligent system for forecasting and decision making. In today’s business environment any sustainable SCM system cannot be managed without use of IT/IS for retail management.

References


Impact of Transformational Leadership and the Mediating Effect of Employees’ Perception of Organizational Change on Affective, Normative and Continuance Commitment

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ABSTRACT

Purpose: The purpose of this research paper is to study the influence of transformational leadership on employees’ perception of the change and the impact of the different levels of commitment towards change in a semi-conductor multinational company in Malaysia.

Design/Methodology/Approach: The partial least squares of structural equation modelling (PLS-SEM) approach was deployed to validate and examine the research theoretical framework, and conduct the hypothesis testing.

Findings: The result reveals transformational leadership and employees’ perception of the changes to be highly predictive of the employees’ commitment with regard to the organizational changes. It also indicates that employees’ perception of the change has a significant mediating effect on the relationship between transformational leadership and affective, normative, and continuance commitment.

Implications/Originality/Value: Management must be sensitive to employees’ reaction for the change initiatives to be successful and it is noteworthy for management to understand the employees’ perception of the changes, support their needs to cope with the changes in their effort to overcome these resistances.

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1. Introduction
In the vigorous business world today, change is vital and organization requires more than just incremental adjustment to their strategy but a constant reinvention in order to survive (Cossin & Caballero, 2013). Nearly 70% of all change initiatives failed due to lack of consideration placed on the human factor such as employees’ resistance to change (Beer & Nohria, 2000; Martin, Jones & Callan, 2006; Ford, Ford
&D’Amelio, 2008). Resistance is natural in the change process as change moves status quo, creates uncertainty, anxiety and tension that affect a person’s perception of the change situation. This perception will subsequently determine whether resistance occurs (Connor, 1993) and employees’ attitude, psychological and behavioral elements during organization change are essential in the success of the change initiatives (Bernerth, 2004).

As a result, change leader’s role in creating a sense of continuity for their employees in the midst of a changing environment is important (Boselie & Koen, 2010; Lamm & Gordon, 2010; Van Dijk & Van Dick, 2009). A leader’s behavior and approaches in handling employees’ emotions, and perceptions can positively influence their commitment towards organizational changes (Bass & Riggio, 2006; Groves, 2005).

This study is conducted on XYZ Limited, a semiconductor multinational company in Malaysia, focusing on telecommunication devices and infrastructure. Due to the rapid shift in the technology landscape of this industry, XYZ Limited needs to transform itself to match the current market dynamics such as lower margins, commoditization, new technologies and competition from outside the traditional market. Major organizational changes are required to increase customers’ satisfaction, to enhance revenue streams and cost savings are inevitable. Although the changes are important for survival of the company, the employees are behaving unfavorably towards the changes. This is evidenced by a drop in employees’ satisfaction index from 85% in 2014 to 71% in 2015 as shown in the employee’s satisfaction survey of the company.

The present study aims to provide insights to XYZ Limited in overcoming the challenges in managing the organizational changes. Given the internal and external pressures to initiate the change, XYZ Limited has little choice but to look into the human factor to gain commitment of its employees to support the change implementation and improve the organizational performance (Kotter & Cohen, 2002). Therefore, the relationship between transformational leadership, employees’ perception of organizational change, and organizational commitment in the context of XYZ Limited is examined. The objective of this research is to study the impact of transformational leadership and the mediating effect of employees’ perception of organizational change on employees’ affective, normative and continuance commitment.

2 Literature Review
2.1 Theories of Change
Organizational change includes changes of individual, job or company structure that impacts on what people do, how they perform their tasks, their responsibilities and accountabilities. Previous studies have shown that effective organizational changes are able to revive troubled companies through corporate turnaround (Hofer,1980; Bibeault, 1982; Hambrick & Schecter, 1983; Barker & Duhaime, 1997).

The actual value added from organizational change is its capability to change the organization’s strategy, identity, operation, structure or human resources as sources to improve the companies’ performance (Vithessonthi, 2007).

2.2 Employees’ Perception
Bem (1972) explains that perceptions hold an important role in forming employees’ behaviors and response to the change. Although changes proposed are to benefit the organization as a whole, it takes time for the benefits to be realized. When employees are unable to see the potential benefits in the short run, they may resist the intended change (Hannan & Freeman, 1988). When employees are highly skeptical of the change initiatives, their productivity and morale will decrease and attrition rate will increase. This will subsequently fail the change effort (Greiner, 1992; Dervitsiotis, 1998; Goldstein, 1998; Eby, Freeman, Rush & Lance, 1999). Hence, recognizing the importance of achieving positive employee attitudes is crucial in successful organizational change (Eby et al., 1999; Martin, 1998).
As Lord and Emrich (2001) suggested, it is vital for the leaders to discover what the followers are thinking as organizational change can only happen when majority of individuals change their attitudes or behaviors (Alas & Vadi, 2006). Meyer and Allen (1997) also stated that perception is more important than reality, and employee’s perception of the change initiative should concur with the organization’s vision to enable them to devote to the changes (Noble & Mokwa, 1999). Thus, it is important to understand the factors affecting employees’ perception of the organizational change as these perceptions would contribute to their behavioral support (Lamm & Gordon, 2010) and regulate their reactions towards the change.

2.3 Organizational Commitment
According to the Three Component Model (TCM) of Herscovitch and Meyer (2002), affective commitment (AC), continuance commitment (CC) and normative commitment (NC) are the three dimensions of commitment to change. The degree of behavioral support for change will largely depend on the combination, and level of these commitments.

AC refers to the degree of devotion an individual has for the organization. It is the employees’ emotional bond and desire to commit to the organization (Porter, Steers, Mowday & Boulian, 1974). Meyer and Allen (1997) asserted that employees with high AC exhibit identification and emotional attachment through their participation in the organization. This is the highest level of commitment that is most sought after by the organization.

CC stands for the perceived costs of separation from the organization. Thus, continuance commitment is also known as calculative commitment (Hackett & Bycio, 1994). Becker (1960) defined CC as a process where employees are “locked” into the organization due to the cost liable upon leaving, such as seniority, pension fund and so on.

NC is represented by employees’ perceived obligation to stay engaged to the organization. This is caused by the urge to reciprocate organizational investments and an effect of socialization into cultural norms in terms of loyalty to the organization (Meyer & Allen, 1991; Meyer & Allen, 1997; Meyer, Gagné, & Parfyonova, 2010). NC focuses on moral responsibilities such as “right thing to do”, and concentrating on the obligation of the employees to the organizational goals (Weiner, 1982; Allen & Meyer, 1990).

Previous studies have shown that AC and NC are positively related to the level of perceived transformational leadership, organizational support and various types of organizational justice whereas, the relationships between perceived organizational support with CC is minimal (Machin, Fogarty, & Bannon, 2009). Therefore, while CC is enough to encourage conformity with change, AC and NC are needed for higher level of support (Herscovitch & Meyer, 2002).

2.4 Leadership
There are numerous studies examining different types of leadership. However, contemporary literature mainly centers on the two main aspects of leadership, which are transactional and transformational leadership founded by Burns (1978).

According to Burns (1978), transactional leadership focuses on leader-follower exchanges. Leaders will positively reward followers who perform according to their commands and directions and punish followers who fail to comply with them. Transformational leaders on the other hand, are able to change the attitude and beliefs of followers, and motivate the subordinates in their own interests to concur with the advancement of the organization.

In times of change, two of the most influential factors affecting the amount of confidence employees have
in their leaders are the employees' ability to identify with their leader, and the degree to which employees perceive their leaders as competent (Boselie & Koene, 2010). In this context, transformational leadership is presently regarded as the most effective type of leadership for organizational changes (Yukl, 2002) because it connects leadership to job performance through leader-member and co-worker relationships (Li & Hung, 2009). Therefore, transformational leadership is the type of leadership being chosen to be studied in this research.

2.5 Transformational Leadership

During organizational changes, transformational leadership was found to be the most effective leadership style as it is able to enhance employees’ commitment to change through its four elements, which are idealized influence, inspirational motivation, intellectual stimulation and individualized consideration (Bass, Avolio, Jung & Berson, 2003).

Idealized influence is what makes others feel proud to be related with the leader therefore earning the faith of the subordinate (Bass, 1990). Transformational leaders act as a role model to the employees by displaying high ethical behavior to gain their respect and trust. When the employees feel proud to be associated to the leader, they will cooperate and be committed to change (Chan & Mak, 2014).

Inspirational motivation is the effectiveness of the leader in communicating his goals or a vision that is inspiring to the followers, manipulating the images of future goals in an optimistic manner, and helping others find meaning in their work. Individual and team spirit is aroused, enthusiasm and optimism are displayed (Bass et al., 2003). When a transformational leader is able to communicate the organizational change requirements precisely, the employees’ perception of the change initiative tend to align with the organization’s vision which motivates them to commit to the change (Parish, Cadwallader & Busch, 2008).

Intellectual stimulation takes place when the leaders encourage employees to challenge the assumptions, take risks, be creative and implement innovations that translate into good relationships in the workplace (Korkmaz, 2007). Learning is valued and employees are encouraged to ask questions, and figure out more effective ways to perform their tasks. Employees will perceive this as sharing of control which will foster greater commitment to organizational change (Dodd & Ganster, 1996). As a result, when the employees trust, admire and respect the leader due to the qualities of the transformational leadership, they are willing perform beyond expectation (Gillespie & Mann, 2004; Podsakoff, MacKenzie & Bommer, 1996).

The last element of transformational leadership is individualized consideration. Leaders with such behavior care about the needs of the individual followers, acts as a coach or mentor, and provides support to increase the employees’ success in the change. (Bass et al., 2003) Studies indicated that this kind of perceived organizational support is a crucial psychological resource for employees as it will increase their commitment to the organization (Eisenberger, Huntington, Hutchison & Sowa, 1986). Researchers showed that employees who perceived that their managers are supportive have the tendency to be more devoted to the organizational changes (Johnson, Parasuraman, Futrell & Black, 1990).

Research results supported the statement made by Bass and Avolio (1990) which is, transformational leaders’ charisma are able to transform, motivate and intellectually stimulate the employees to attain new and distinctive ways to challenge the status quo and change the environment to support successful changes. Other research indicated that the association between transformational leadership and affective organizational commitment is positively strong (Avolio, Zhu, Koh & Bhatia, 2004; Spreitzer, Perttula & Xin, 2005) and is able to increase group effectiveness by enhancing group motivation, efficiency and performance (Cohen, Chang & Ledford, 1997; Walumbwa, Wang, Lawler & Shi, 2004). Transformational leadership style shows positive impact on employees’ perception and commitment (Tseng & Kang, 2008; Mert, Keskin & Bas, 2010).
3. Underlying Theory
The research framework mainly explores the attribution theory (Miles, 2012) to examine the mediating effect of employees’ perception of organizational change in the relationship between transformational leadership and employees’ commitment (AC, NC and CC). According to Weick (1999), behavioral consequence is one of the most prominent phases of attribution process and it has been proven that people tend to perceive and react based on external and internal factors (DiVitto & McArthur, 1978). Besides, this theory also has been applied to understand the influence of leadership style on the external factor of behavioral consequence (Ellis, Ilgen & Hollenbeck, 2006). Hence, this study deployed transformational leadership as an exogenous of employees’ perception of organizational change. On the other hand, employees’ perception of organizational change was deployed as exogenous of AC, NC and CC.

4. Conceptual Research Framework and Hypotheses Development
This research investigates the effectiveness of leadership competencies on influencing the employees’ perception of the organizational change towards employees’ commitment in a multinational company in Malaysia. Although previous studies have investigated the relationship between transformational leadership and employees’ perception of the organizational change as well as the relationship between employees’ perception of the organizational change and employees’ commitment, very little attention was given on the mediating effect of the employees’ perception of organizational change in the relationship between the effectiveness of leadership and employees’ commitment. Thus, Figure 1 illustrates the connection between transformational leadership (independent variable), employees’ perception of the organizational change (mediating variable), affective, normative and continuance commitment (dependent variables).

Figure 1: Theoretical Research Framework

In this study, the conceptual framework indicates one direct effect between independent variable and mediating variable, mediating variable and dependent variables, and indirect effect between independent variable, mediating variable and dependent variables. Hence the theoretical research framework consists of seven hypotheses that would be tested using PLS-SEM analysis (Hair, Hult, Ringle & Sarstedt, 2017) as shown below:

- **H1**: Transformational leadership has a positive influence on employees’ perception of organizational change.
- **H2**: Employees’ perception of organizational change has a positive influence on affective commitment.
- **H3**: Employees’ perception of organizational change has a positive influence on normative commitment.
- **H4**: Employees’ perception of organizational change has a positive influence on continuance commitment.
- **H5**: Employees’ perception of organizational change has mediating effect on the relationship between
transformational leadership and affective commitment.

**H6:** Employees’ perception of organizational change has mediating effect on the relationship between transformational leadership and normative commitment.

**H7:** Employees’ perception of organizational change has mediating effect on the relationship between transformational leadership and continuance commitment.

### 5. Methods

#### 5.1 Sample and Data Collection

255 survey questionnaires were distributed to all full time employees of XYZ Limited as at 1 February 2016. The breakdown of the population is 17% non-exempt employees, 37% administrative employees, 24% supervisory, and 22% executive level. Questionnaires were sent out via emails and hard copies were distributed to those without email account. A total of 175 responses were collected with only 163 usable responses as 12 were incomplete or have more than one answer for some questions. This represents a 64% response rate (N=163). All completed survey feedbacks were entered into the SPSS software version 2.0 for processing (Table 1). Table 2 exhibits the demographic information.

#### Table 1: Survey Response Rate

<table>
<thead>
<tr>
<th>Item</th>
<th>Total Questionnaires Distributed</th>
<th>Total Usable Responses Received</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questionnaires distributed online (email)</td>
<td>207</td>
<td>134</td>
<td>64.7%</td>
</tr>
<tr>
<td>Questionnaires distributed personally (by hand)</td>
<td>48</td>
<td>29</td>
<td>60.4%</td>
</tr>
<tr>
<td>Total usable questionnaire</td>
<td>255</td>
<td>163</td>
<td>63.9%</td>
</tr>
</tbody>
</table>

#### Table 2: Profile of the respondents (n=163)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Description</th>
<th>Number of Respondents</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Age</td>
<td>Below 20 years</td>
<td>3</td>
<td>1.8</td>
</tr>
<tr>
<td>21 - 30 years</td>
<td>38</td>
<td>23.3</td>
<td></td>
</tr>
<tr>
<td>31 - 40 years</td>
<td>65</td>
<td>39.9</td>
<td></td>
</tr>
<tr>
<td>41 - 50 years</td>
<td>40</td>
<td>24.5</td>
<td></td>
</tr>
<tr>
<td>Above 50 years</td>
<td>17</td>
<td>10.4</td>
<td></td>
</tr>
<tr>
<td>2. Gender</td>
<td>Male</td>
<td>74</td>
<td>45.4</td>
</tr>
<tr>
<td>Female</td>
<td>89</td>
<td>54.6</td>
<td></td>
</tr>
<tr>
<td>3. Marital status</td>
<td>Single</td>
<td>63</td>
<td>38.7</td>
</tr>
<tr>
<td>Married</td>
<td>93</td>
<td>57.1</td>
<td></td>
</tr>
<tr>
<td>Divorced / Widow</td>
<td>7</td>
<td>4.3</td>
<td></td>
</tr>
<tr>
<td>4. Job category</td>
<td>Non-exempt</td>
<td>29</td>
<td>17.8</td>
</tr>
<tr>
<td>Exempt</td>
<td>62</td>
<td>38.0</td>
<td></td>
</tr>
<tr>
<td>Middle management</td>
<td>38</td>
<td>23.3</td>
<td></td>
</tr>
<tr>
<td>Senior management</td>
<td>34</td>
<td>20.9</td>
<td></td>
</tr>
<tr>
<td>5. Number of years serving in the organization</td>
<td>&lt; 1 year</td>
<td>26</td>
<td>16.0</td>
</tr>
<tr>
<td></td>
<td>Between 1 – 5 years</td>
<td>83</td>
<td>50.9</td>
</tr>
<tr>
<td></td>
<td>Between 5 – 10 years</td>
<td>26</td>
<td>16.0</td>
</tr>
<tr>
<td></td>
<td>&gt; 10 years</td>
<td>28</td>
<td>17.2</td>
</tr>
<tr>
<td>6. Number of years serving in the industry</td>
<td>&lt; 1 year</td>
<td>16</td>
<td>9.8</td>
</tr>
<tr>
<td></td>
<td>Between 1 – 5 years</td>
<td>33</td>
<td>20.2</td>
</tr>
<tr>
<td></td>
<td>Between 5 – 10 years</td>
<td>38</td>
<td>23.3</td>
</tr>
<tr>
<td></td>
<td>&gt; 10 years</td>
<td>76</td>
<td>46.6</td>
</tr>
<tr>
<td>7. Education level</td>
<td>Secondary</td>
<td>18</td>
<td>11.0</td>
</tr>
<tr>
<td></td>
<td>Diploma</td>
<td>25</td>
<td>15.3</td>
</tr>
<tr>
<td></td>
<td>First Degree</td>
<td>104</td>
<td>63.8</td>
</tr>
<tr>
<td></td>
<td>Master Degree</td>
<td>16</td>
<td>9.8</td>
</tr>
</tbody>
</table>

#### 5.2 Measures

A quantitative survey method (questionnaire) was used to collect data for this study. All items were
measured using a 5-point Likert scale (1- Strongly Disagree to 5- Strongly Agree). Items for measuring the effectiveness of transformational leadership and its influence on employees’ perception and their commitment to the organization were adopted from Bass and Avolio (1997). The reference source to design items to measure the employees’ perception of the organizational change were adapted from Walston and Chadwick (2003). Items for the construction of affective, normative and continuance commitment to assess the level of commitment were adapted from Meyer, Stanley, Herscovitch and Topolnytsky (2002).

5.3 Measurement Model
In this study, VB-SEM Smart-PLS was applied to conduct the reliability and validity test. At the beginning of the process, the convergent validity was deployed to examine the question items, latent variable, average variance extract (AVE) and main loadings. Results have shown that all the Composite Reliability (CR) and Cronbach’s Alpha (CA) are above 0.7 and 0.8 respectively, thereby fulfilling the requirement of Hair, Hult, Ringle and Sarstedt (2017). The Indicator Reliability and Loading for all items are greater than 0.7 and 0.8 respectively, except items AC3, CC3, EP3, NC1, NC2, TL1, and TL5 which were deleted due to main loading <0.7. The range of AVE for AC, NC, CC, EP, and TL are above 0.7. Given all the AVEs of constructs are above 0.5, there is a satisfactory degree of convergent validity suggested by Fornell and Larcker (1981). The results of the measurement model are presented in Table 3 and Figure 2.

The Heterotrait-Monotrait (HTMT) confidence interval is a rigorous criterion relative to the traditional assessment proposed by Fornell and Larcker (1981). Recently, HTMT is highly recommended by Henseler, Ringle and Sarstedt (2015) with an argument that Fornell-Larcker criterion is not reliable in detecting lack of discriminant validity in common research situations, whereas HTMT has the capability to assess discriminant validity in variance-based SEM. According to Henseler et al. (2015), when testing the null hypothesis (H0: HTMT ≥ 1) against the alternative hypothesis (H1: HTMT < 1), if the confidence interval contains the value one (i.e., H0 holds) this indicates a lack of discriminant validity. The HTMT testing for this study showed HTMT confidence interval does not include one (1) indicated there is no problem of discriminant validity of the data (Table 3).

Table 3: Results of measurement model (n=163)

<table>
<thead>
<tr>
<th>Latent Variable</th>
<th>Indicators</th>
<th>Convergent Validity</th>
<th>Internal Consistency</th>
<th>Discriminant Validity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Loadings</td>
<td>Indicator Reliability</td>
<td>AVE</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt;0.70</td>
<td>&gt;0.50</td>
<td>&gt;0.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Composite Reliability</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Cronbach's Alpha</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AC</td>
<td>AC1</td>
<td>0.921</td>
<td>0.848</td>
<td>0.854</td>
</tr>
<tr>
<td></td>
<td>AC2</td>
<td>0.927</td>
<td>0.859</td>
<td></td>
</tr>
<tr>
<td>CC</td>
<td>CC1</td>
<td>0.904</td>
<td>0.817</td>
<td>0.805</td>
</tr>
<tr>
<td></td>
<td>CC2</td>
<td>0.890</td>
<td>0.792</td>
<td></td>
</tr>
<tr>
<td>EP</td>
<td>EP1</td>
<td>0.901</td>
<td>0.812</td>
<td></td>
</tr>
<tr>
<td></td>
<td>EP2</td>
<td>0.896</td>
<td>0.803</td>
<td>0.795</td>
</tr>
<tr>
<td></td>
<td>EP4</td>
<td>0.878</td>
<td>0.771</td>
<td></td>
</tr>
<tr>
<td>NC</td>
<td>NC2</td>
<td>1.000</td>
<td>1.000</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>TL2</td>
<td>0.868</td>
<td>0.753</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TL3</td>
<td>0.832</td>
<td>0.692</td>
<td></td>
</tr>
<tr>
<td>TL</td>
<td>TL4</td>
<td>0.845</td>
<td>0.714</td>
<td>0.702</td>
</tr>
<tr>
<td></td>
<td>TL6</td>
<td>0.841</td>
<td>0.707</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TL7</td>
<td>0.844</td>
<td>0.712</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TL8</td>
<td>0.794</td>
<td>0.630</td>
<td></td>
</tr>
</tbody>
</table>

Note: AC3, CC3, EP3, NC1, NC2, TL1, TL5 were deleted due to main loading <0.7
5.4 Assessment of Structural Model

Before proceeding to test structural model, $f^2$ effect sizes and $q^2$ effect sizes were deployed to test the invariance of the measurement items to examine if item measurement differed across the two groups (Hair, et al., 2017). According to the guidelines provided by Cohen (1988), $f^2$ values of 0.02, 0.15, and 0.35 represent small, medium, and large effects respectively. If the effect size value is less than 0.02, it indicates that there is no effect. The results of $f^2$ values in Table 4 indicate all direct effects – Paths are at a satisfactory level, wherein the lowest is 0.02 (TL $\rightarrow$ NC) and the highest is 2.15 (TL $\rightarrow$ EP).

The $q^2$ effect size is similar to the $f^2$ effect size approach for assessing $R^2$ value, wherein it assesses an exogenous construct’s contribution to an endogenous latent variable’s $Q^2$ value (Hair et al., 2017). The formula to compute the $q^2$ effect size is shown as follows:

$$q^2 = \frac{Q^2_{\text{included}} - Q^2_{\text{excluded}}}{1 - Q^2_{\text{included}}}$$

According to Hair et al. (2017), $q^2$ values of 0.02, 0.15, and 0.35 represent small, medium, and large predictive relevance for a certain endogenous. The results of q2 values in Table 4 and Table 5 indicate this model has predictive relevant for all endogenous construct, wherein the lowest value of q2 is 0.06 and the highest is 1.00.

The direct effects of the path coefficient of the structural model were measured by deploying bootstrapping analysis. The results showed TL has a positive relationship with EP ($\beta = 0.826$, p< 0.01). Also, EP has a positive relationship with AC ($\beta = 0.430$, p< 0.01), NC ($\beta = 0.505$, p< 0.01), and CC ($\beta = 0.294$, p< 0.01). Thus, all the direct effects, H1, H2, H3, and H4 were supported (Table 5).

Preacher and Hayes (2004; 2008) bootstrapping method was used to test the indirect effects. The bootstrapping analysis revealed EP has mediating effect on the relationship between TL and AC ($\beta = 0.355$, p< 0.01), between TL and NC ($\beta = 0.417$, p< 0.01), and between TL and CC ($\beta = 0.243$, p< 0.01) (Table 6). The results of the measurement model are presented in Figure 3.
Table 4: Effect Size $q^2$ (n=163)

<table>
<thead>
<tr>
<th></th>
<th>AC</th>
<th></th>
<th>CC</th>
<th></th>
<th>NC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$Q^2_{\text{Included}}$</td>
<td>$Q^2_{\text{Excluded}}$</td>
<td>$q^2$</td>
<td>$Q^2_{\text{Included}}$</td>
<td>$Q^2_{\text{Excluded}}$</td>
</tr>
<tr>
<td>EP</td>
<td>0.550</td>
<td>0.503</td>
<td>0.085</td>
<td>0.317</td>
<td>0.297</td>
</tr>
<tr>
<td>TL</td>
<td>0.550</td>
<td>0.502</td>
<td>0.087</td>
<td>0.317</td>
<td>0.282</td>
</tr>
</tbody>
</table>

Table 5: Significance of direct effects- Path coefficients (n=163)

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relationship</th>
<th>Beta-value</th>
<th>SE</th>
<th>t-value</th>
<th>$f^2$</th>
<th>$q^2$</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>TL $\rightarrow$ EP</td>
<td>0.826</td>
<td>0.025</td>
<td>32.952</td>
<td>2.15</td>
<td>1.00</td>
<td>Supported**</td>
</tr>
<tr>
<td>H2</td>
<td>EP $\rightarrow$ AC</td>
<td>0.430</td>
<td>0.072</td>
<td>5.965</td>
<td>0.18</td>
<td>0.09</td>
<td>Supported**</td>
</tr>
<tr>
<td>H3</td>
<td>EP $\rightarrow$ NC</td>
<td>0.505</td>
<td>0.083</td>
<td>6.075</td>
<td>0.14</td>
<td>0.19</td>
<td>Supported**</td>
</tr>
<tr>
<td>H4</td>
<td>EP $\rightarrow$ CC</td>
<td>0.294</td>
<td>0.098</td>
<td>3.004</td>
<td>0.05</td>
<td>0.06</td>
<td>Supported**</td>
</tr>
</tbody>
</table>

Note: *p<0.05, **p<0.01, ***p<0.001, SE= Standard Error

Table 6: Significance of indirect effects- Path coefficients (n=163)

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Relationship</th>
<th>Beta-value</th>
<th>SE</th>
<th>t-value</th>
<th>95% Confidence Interval Effect</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H5</td>
<td>TL $\rightarrow$ AC</td>
<td>0.355</td>
<td>0.060</td>
<td>5.892</td>
<td>[0.238, 0.477]</td>
<td>Supported</td>
</tr>
<tr>
<td>H6</td>
<td>TL $\rightarrow$ NC</td>
<td>0.417</td>
<td>0.070</td>
<td>5.945</td>
<td>[0.281, 0.555]</td>
<td>Supported</td>
</tr>
<tr>
<td>H7</td>
<td>TL $\rightarrow$ CC</td>
<td>0.243</td>
<td>0.082</td>
<td>2.977</td>
<td>[0.091, 0.413]</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Note: *p<0.05, **p<0.01, ***p<0.001, SE= Standard Error

Figure 3: PLS-Path analysis of t-values (n=163)

6. Discussions and Recommendations

This study suggests that transformational leadership (TL) has a positive influence on employees’ perception of organizational change (EP); and EP has a positive influence on their affective commitment (AC), normative commitment (NC), and continuance commitment (CC). The recognition of EP as a mediator in the relationship between TL and employees’ commitment (AC, NC and CC) helps the management team of XYZ Limited to develop appropriate strategies to improve transformational leadership behaviors within the organization. Improved TL will then influence EP positively, and thus
enhance their commitment towards the organization.

In order to improve TL, proper trainings should be made available to the management team of XYZ Limited to enable them to learn the ways to motivate, coach, support and guide the employees through changes, and to communicate changes effectively. Leading and gaining employees’ commitment is one of the most challenging tasks for the leaders. Therefore, the management team should understand the causes of employees’ resistance to change and find ways to overcome such resistance. Many times, employees’ resistance to change is due to their uncertainty or fear towards the change. Managers should communicate effectively the purpose, vision and benefits of the changes to the employees. When employees understand the change initiatives, plus the support and coaching given by the transformational leaders to guide them through the change, it will lead to a reduction in resistance.

In addition, it is also important for the managers themselves to be role models by demonstrating enthusiasm, optimism and commitment to the change as well as the organization. This will build confidence and trust among the employees. When employees trust their leaders and see the value in the change, it will reduce their resistance to change, and at the same time, increase their support and commitment.

Besides focusing on enhancing TL, management team should also pay attention to the capabilities of the employees to perform their tasks during the change. If employees were found inept in performing their new tasks, trainings and skills development programmes should be introduced to the employees. When the employees are better equipped and have the competency to deal with the unfamiliar situations caused by the changes, their fear of uncertainty, job instability and inability to cope with the changes will reduce, and their confidence level increases. This will give the employees a sense of control and increase their acceptance of the changes leading to higher employees’ affective commitment towards the changes.

7. Practical and Theoretical Implication of the Study
This study has shown that the EP fully mediates the relationship between TL and employees’ commitment. TL has a direct effect on EP, and an indirect effect on AC, NC and CC.

The direct and indirect influences of TL on EP and employees’ commitment were analyzed with the hope that the findings from this study will enable the organizations to develop appropriate strategies to positively influence the employees’ commitment to support the changes and lead to successful organizational change initiatives.

Future research can focus on other organizational context besides the telecommunication industry to determine if results may differ. Similar study can be extended to other types of leadership to investigate if it would bring similar effect.

8. Conclusion
This study aims to provide insights on how transformational leadership is able to influence the employees’ commitment to the organization, and the mediating role of employees’ perception of the changes in this relationship. Results shown that (1) transformational leadership has a positive influence on employees’ perception of organizational change; (2) employees’ perceptional of organizational change has a positive influence on the employees’ affective, normative and continuance commitment; and (3) employees’ perception of organizational change has mediating effect on the relationship between transformational leadership and organizational commitment (AC, NC and CC).

References


Antecedents of the User Behavior for Online Businesses: A Case of Pakistan

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ARTICLE DETAILS

ABSTRACT

Purpose: This study tries to investigate the antecedents of user behavior like purchase intentions and e-loyalty in the context of Pakistan. More specifically, it studies the relationship between perceived flow, perceived usefulness, perceived ease of use and the user behavior constructs which this study considers are e-loyalty and purchase intentions.

Design/Methodology/Approach: Primary Data is obtained through survey from 466 respondents and was analyzed through PLS-SEM approach.

Findings: Findings suggest that perceived flow and technological acceptance model constructs which are perceived ease of use and perceived usefulness have significant positive impact on the e-loyalty and purchase intentions in the developing economy like Pakistan.

Implications/Originality/Value: This study is a contribution to the literature acknowledging the importance of flow and technology acceptance model constructs as antecedents of user behavior for online businesses in the context of developing country like Pakistan. This study guides practitioners for designing such a website that makes a user feel ‘flow’ situation while surfing their website. If they are able to make their visitors feel flow, they are more likely to generate purchase intention and develop e-loyalty for the e-vendor.

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1. Introduction

Loyalty has become a center of focus with in e-businesses due to the fact that consumers switch from the websites more frequently (Tsai, Huang, Jaw, & Chen, 2006). It is important not only as a key strategy for the company, but it is also necessary for the websites in order to continue their operations over internet. This is emphasized by both, the practitioners and the academic researchers (Schefter & Reichheld, 2000). Business forums have keen interest in the loyalty because of its importance in the electronic commerce. Academic community is also appealing for studies which will help both, the businesses and the academics communities to understand loyalty formation (Hsu, Wu, & Chen, 2013). E-loyalty is explained usually by one factor, satisfaction, which is shown to be a major determinant of online environment and offline loyalty (Anderson & Srinivasan, 2003). Previous researches indicate that satisfaction builds and maintains long term and loyal customer pool and then ultimately, results in the appropriate outcomes in the transactions over internet (Evanschitzky, Iyer, Hesse, & Ahlert, 2004; Wu & Chang, 2005). Moreover, it
was found that satisfaction is an important antecedent for the loyalty over internet (Anderson & Srinivasan, 2003; Chang, Wang, & Yang, 2009). Many studies suggest that website’s technology factors which are related to consumers’ behavior and psychological state, influence the customer e-loyalty and e-satisfaction. (Anderson & Srinivasan, 2003; Shih, 2004). It has also been mentioned that Flow describes human-computer interface and thus, it is an important factor to determine online behavior of the user (Chang & Zhu, 2012; Lee & Tsai, 2010; Zhou & Lu, 2011). Users feel joy and pleasure when they experience flow, which facilitates to get positive response from the online customer (Hoffman & Novak, 1996). So, potential importance of flow cannot be disregarded (O’Cass & Carlson, 2010). Hoffman and Novak (1996) concluded that chance of website’s success depends upon the chances of users to experience flow.

Although researches have attempted to find the antecedents of the e-loyalty and purchase intentions in online context, but difference of the behavior of the visitor is kept unnoticed which requires to be addressed (Hsu, Chang, & Chen, 2012). This study combines technological acceptance model with user’s psychological state of mind using the website, like Perceived Flow and checks their combined impact on e-loyalty and purchase intentions.

This paper is organized in sections. Section 2 consists on definitions of variables and hypothesis development along with research model. Section 3 deals with the methodology while section 4 is related with data analysis and findings of the survey. Implications are presented in section 5 which is followed by research limitations in section 6.

2. Literature Review
2.1 E-Service and E-Loyalty
Anderson and Srinivasan (2003) said that satisfaction can be described as the experience through using a product or service. According to them, e-satisfaction is the pleasure or happiness in the online context for having a positive purchase experience from e-vendors. According to Evanschitzky et al. (2004), e-satisfaction has gained much attention of the marketing studies in recent times. This is because satisfied persons are more likely to re-purchase from that e-commerce firm (H. Lee, Choi, & Kang, 2009). Moreover, they have high degree of e-loyalty as compared to those consumers who are not satisfied (Anderson & Srinivasan, 2003). Many researches have affirmed that e-satisfaction doesn’t only develop and maintain a customer pool which is loyal to the firm (Evanschitzky et al., 2004), but it is also a major factor of online re-purchase intentions. (Bhattacherjee, 2001; Hsu, Yen, Chiu, & Chang, 2006). Thus, for developing the e-loyalty for online business, they face a challenge of satisfying the consumer needs higher than the competitors (Oliver, 1999). According to Srinivasan, Anderson, and Ponnavolu (2002), e-loyalty can be described as the positive attitude of the consumer which results in the more purchases from the specific online business firm. However, according to Gremler (1995), that behavioral and attitudinal aspects must be taken into account while considering loyalty. Cyr, Bonanni, Bowes, and Ilsever (2005) concluded that loyal consumers are more likely to repurchase from the e-retailer in the future. Therefore, loyal customers have crucial importance for the website’s financial outcomes (Schefter & Reichheld, 2000). Heskett, Sasser, and Schlesinger (1997) proposed that a slight rise in the loyal customer percentage will lead a rise in profitability and then ultimately, a rise in the value of company. As attracting new customers to the website and then retaining it costs high and it is difficult (Schefter & Reichheld, 2000), loyalty has crucial part in the success of an e-commerce firm (Heskett et al., 1997). Consequently, e-loyalty is taken as the dependent construct in this study.

2.2 Purchase intentions
Along with satisfaction of the customer, purchase intention of the customer is also important to consider as intentions predict the behavior of the customer. As per the findings of Zeithaml, Berry, and Parasuraman (1996), purchase intention is the dimension of behavior of the consumer. As purchase intention is linked with actual behavior, it is utilized for prediction of the customer behavior (Ajzen &
Fishbein, 1980). This relation is researched empirically in tourism and hospitality context (Ajzen & Driver, 1992; Buttle & Bok, 1996). Moreover, many studies have found this link in offline context too (Zeithaml, 2000). Boulding, Kalra, Staelin, and Zeithaml (1993)suggested that common dimensions of the behavior of a user is purchase/re-purchase intentions and purchase/re-purchase behavior. This study considers purchase intention as an important variable as during the visit by a user to a website, major challenge of the website is to make the visitor to be buyer. It is also important because revenue and profitability of a business is affected by purchase intentions. So, importance of purchase intentions as an outcome construct is clear and it is taken in this study as final dependent variable.

2.3 Technology Acceptance Model (TAM)
Davis (1989)proposed Technological Acceptance Model (TAM) which is regarded as a tool for analyzing consumer’s information system for the new technology. Technological Acceptance Model comprises of two major constructs which are perceived ease of use and perceived usefulness. These constructs affects attitude and behavioral intentions of consumer when combined(Davis, Bagozzi, & Warshaw, 1989). TAM is regarded as “parsimonious model with high explanatory power of the variance in users’ behavioral intentions related to information system usage and adoption across a wide variety of contexts”(Taylor & Todd, 1995). Many researches used TAM to define the usage of technology (Adams, Nelson, & Todd, 1992; Davis, 1989; Fisk, Patricio, Lin, & Chang, 2011; Kuo & Yen, 2009; Taylor & Todd, 1995). TAM has been used to assess the probability of the success of the technology and the factors behind acceptance of the technology (Kuo & Yen, 2009). Davis (1989)explained the perceived ease of use as “the degree to which using the technology will be free of effort” and, perceived usefulness as “the level at which a person believes that the use of a technology will be beneficial for him”. These factors of the TAM are regarded as important factors to influence the technology usage (Adams et al., 1992; Lu, Zhou, & Wang, 2009). So, these factors of technology acceptance model will be considered in this study as independent variables.

2.4 Perceived flow
Flow is regarded as a useful tool to analyze consumer behavior with respect to technology (Hsu & Lu, 2004; Novak, Hoffman, & Yung, 2000). Perceived flow is an enjoyable condition of mind when a person uses a website as Chen, Wigand, and Nilan (1999) suggested that using a website may cause the development of flow. Researchers have found when a user of the website experiences flow, is attracted and it has positive impact on subsequent behavior and attitude of the user towards the website (Novak et al., 2000). Consequently, Mathwick and Rigdon (2004) proposed that flow has positive relation to the attitude towards website that leads to a user having intention of spending extra time on the website and revisit the website in future (Kabadayi & Gupta, 2005). Thus, perceived flow is included in this study as independent variable.

2.5 Hypothesis Development
Analyzing the flow, Webster, Trevino, and Ryan (1993) concluded that perceived flow improves learning which affects the behavior and attitude of the user in online environment. Studies also found that positive flow will mitigate price consciousness, attract customers and affect the subsequent behaviors and attitudes positively (Novak et al., 2000). Specially, flow will positively affect the user attitude and behavior regarding the website (Mathwick & Rigdon, 2004). According to O’Cass and Carlson (2010), flow develops the positive feelings for the site which leads to the satisfaction. So as a result of above arguments from the researchers, hypothesis is drawn as, H1: Perceived flow affects customer satisfaction positively.

Studies have confirmed that perceived ease of use affects satisfaction of a user from the website significantly (Lin, 2008). Davis et al. (1989) concluded that improving ease of use will result in improvement of the business performance. According to Ajzen and Fishbein (1980), when a person is of the opinion that a behavior will result positively if he will have a positive attitude towards reforming that
behavior and specially, he will be more likely to develop satisfaction from the website when he will perceive it as a useful (Bhattacherjee, 2001). Researchers also found that perceived usefulness significantly affects the satisfaction from a website (Arbaugh, 2000; Chiu, Lin, Sun, & Hsu, 2009; Lin, 2008). From the above discussion, hypotheses can be drawn as

H2: Perceived ease of use affects the e-satisfaction positively
H3: Perceived usefulness affects the e-satisfaction positively

As satisfied customers are the goal of the every business (Lin & Ding, 2005), it is not the ultimate goal. Companies try to achieve it because it leads to e-loyalty and positive behavioral outcomes from the customer such as purchase intentions and then ultimately, leads to survival of the company (Gopalakrishna & Mummalaneni, 1993). Empirical studies have identified the positive relation between the satisfaction and behavioral intentions (Zeithaml et al., 1996). According to Ju Rebecca Yen and Gwinner (2003), satisfaction from a technology has positive influence on behavioral outcomes like intentions to revisit the site and repurchase from the website. Shankar, Smith, and Rangaswamy (2003) tried to investigate the outcome of satisfaction and found that satisfaction led to loyalty towards the business. Bai, Law, and Wen (2008) proposed that purchase intentions are positively influenced by the satisfaction of the consumers. Therefore, hypothesis from the above discussion can be drawn as,

H4: Customer satisfaction affects the purchase intentions positively.

Satisfaction is generated in response to customer and business interaction experience and thus, it is an emotional status (Westbrook, 1981). Shankar et al. (2003) tried to investigate the outcome of satisfaction and found that satisfaction led to loyalty towards the business. This link has been verified empirically by Chang et al. (2009), Anderson and Sullivan (1993), Anderson and Srinivasan (2003), Chiu et al. (2009). Therefore, following hypothesis can be drawn:
H5: E-satisfaction affects e-loyalty positively.

3. Methodology
Sample of this study was the online buyers from www.olx.com.pk because it is well advertised and well known in Pakistan. Respondents who had shopped at www.olx.com.pk in the previous 12 month were selected and were approached for the survey. A survey was designed for the respondents to find out how their online shopping behavior is shaped and whether they become loyal to an online store after a specific psychological situation or not. Data was collected by sending the questionnaire through social media. Data was collected from 466 respondents which was used to analyze the hypotheses through SmartPLS 3.

Measurement for variables of this research was done through adapting the questionnaire items from previous studies. Perceived Ease of Use and Perceived Usefulness measurement items were adapted from Koufaris (2002) which were measured through 3 and 4 items respectively. E-satisfaction was measured through adapting 5 items from Oliver (1999) and 6 items questionnaire was adapted from Zeithaml et al.
(1996) and Gremler (1995) for e-loyalty. Purchase Intention of the customer were assessed by three items designed by Chen and Barnes (2007) and the Flow assessment way was consistent with Novak et al. (2000) having three items for measurement. These measures were then modified according to the need of this study and 7 point Likert Scale was used for getting the response from respondents.

4. Results and Discussion
From 466 responses, 59% responses were from female side and 41% responses were from male side while 45.27% were married and 54.72% were single. Age group of 25 to 34 represented the biggest portion of respondents having 40% share. Group of more time consumption over internet was 2 to 5 hours showing 50.42% of the sample. Majority of the respondents had used internet from 1 to 3 years representing 74% share of the sample in our study.

Table 1: Demographic Analysis of the Respondents

<table>
<thead>
<tr>
<th>Variable</th>
<th>Count (N)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>275</td>
<td>59.01 %</td>
</tr>
<tr>
<td>Female</td>
<td>191</td>
<td>40.98 %</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18–24</td>
<td>142</td>
<td>30.47 %</td>
</tr>
<tr>
<td>25–34</td>
<td>187</td>
<td>40.12 %</td>
</tr>
<tr>
<td>35–44</td>
<td>73</td>
<td>15.66 %</td>
</tr>
<tr>
<td>45–54</td>
<td>46</td>
<td>9.87 %</td>
</tr>
<tr>
<td>55 and over</td>
<td>18</td>
<td>3.86 %</td>
</tr>
<tr>
<td>Internet Experience</td>
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<td></td>
</tr>
<tr>
<td>1 to 3 year</td>
<td>345</td>
<td>74.03 %</td>
</tr>
<tr>
<td>3 to 5 year</td>
<td>121</td>
<td>25.96 %</td>
</tr>
<tr>
<td>Over 5 year</td>
<td>2</td>
<td>0.42 %</td>
</tr>
<tr>
<td>Daily Internet Use</td>
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<td></td>
</tr>
<tr>
<td>Less than two hours</td>
<td>123</td>
<td>26.39 %</td>
</tr>
<tr>
<td>2 to 5 hours</td>
<td>235</td>
<td>50.42 %</td>
</tr>
<tr>
<td>5 to 7 hours</td>
<td>53</td>
<td>11.37 %</td>
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<tr>
<td>More than 7 hours</td>
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<td>11.80 %</td>
</tr>
<tr>
<td>Marital status</td>
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</tr>
<tr>
<td>Married</td>
<td>211</td>
<td>45.27 %</td>
</tr>
<tr>
<td>Single</td>
<td>255</td>
<td>54.72 %</td>
</tr>
</tbody>
</table>

Internal consistency of the variables was checked through Cronbach’s α. As presented in table 2, its value is acceptable as it surpassed the minimum acceptable value of 0.7 which is recommended by Nunnally (1978). Therefore, reliability of the constructs in this study is acceptable. Factor loading was used for the constructs in order to assess the item reliability (Shih, 2004). The results showed that factor loading of the measures surpassed the 0.5 acceptable limit which conformed the item reliability (Hair, Black, Babin, Anderson, & Tatham, 2006).

Table 2: Validity and Reliability Results

<table>
<thead>
<tr>
<th>Variables</th>
<th>Factor Loadings</th>
<th>Cronbach’s α</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-Loyalty</td>
<td></td>
<td>0.940</td>
<td>0.737</td>
</tr>
<tr>
<td>L1</td>
<td>0.911</td>
<td></td>
<td></td>
</tr>
<tr>
<td>L2</td>
<td>0.900</td>
<td></td>
<td></td>
</tr>
<tr>
<td>L3</td>
<td>0.778</td>
<td></td>
<td></td>
</tr>
<tr>
<td>L4</td>
<td>0.804</td>
<td></td>
<td></td>
</tr>
<tr>
<td>L5</td>
<td>0.889</td>
<td></td>
<td></td>
</tr>
<tr>
<td>L6</td>
<td>0.896</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
In addition, average variance extracted, which is the measurement of convergent validity (Fornell & Larcker, 1981) has surpassed the 0.5 acceptable value limit as presented in Table 2. To assess the degree to which variables differ, discriminant validity was utilized. If the square root of average variance extracted of a construct is higher than its correlation with another variable, it is regarded as the construct has the discriminant validity. Inter-correlations among variables of this study are displayed in Table 3 which shows that discriminant validity is acceptable as correlation of the variables does not exceed the squared average variance explained.

<table>
<thead>
<tr>
<th>E-Satisfaction</th>
<th>0.897</th>
<th>0.710</th>
</tr>
</thead>
<tbody>
<tr>
<td>S1</td>
<td>0.865</td>
<td></td>
</tr>
<tr>
<td>S2</td>
<td>0.852</td>
<td></td>
</tr>
<tr>
<td>S3</td>
<td>0.812</td>
<td></td>
</tr>
<tr>
<td>S4</td>
<td>0.760</td>
<td></td>
</tr>
<tr>
<td>S5</td>
<td>0.916</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Purchase Intentions</th>
<th>0.864</th>
<th>0.788</th>
</tr>
</thead>
<tbody>
<tr>
<td>PI1</td>
<td>0.820</td>
<td></td>
</tr>
<tr>
<td>PI2</td>
<td>0.919</td>
<td></td>
</tr>
<tr>
<td>PI3</td>
<td>0.920</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Perceived Flow</th>
<th>0.937</th>
<th>0.889</th>
</tr>
</thead>
<tbody>
<tr>
<td>PF1</td>
<td>0.957</td>
<td></td>
</tr>
<tr>
<td>PF2</td>
<td>0.972</td>
<td></td>
</tr>
<tr>
<td>PF3</td>
<td>0.898</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Perceived Ease of Use</th>
<th>0.706</th>
<th>0.772</th>
</tr>
</thead>
<tbody>
<tr>
<td>PE1</td>
<td>0.888</td>
<td></td>
</tr>
<tr>
<td>PE3</td>
<td>0.870</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Perceived Usefulness</th>
<th>0.785</th>
<th>0.619</th>
</tr>
</thead>
<tbody>
<tr>
<td>PU1</td>
<td>0.851</td>
<td></td>
</tr>
<tr>
<td>PU2</td>
<td>0.731</td>
<td></td>
</tr>
<tr>
<td>PU3</td>
<td>0.930</td>
<td></td>
</tr>
<tr>
<td>PU4</td>
<td>0.594</td>
<td></td>
</tr>
</tbody>
</table>

Table 4 shows the predicting accuracy which is strong as the values are higher. Table 5 shows the results of the hypotheses that are gained using structural equation modeling. It represents the estimated coefficients which are significant at 95% confidence interval. As figure 2 shows, perceived ease of use, perceived usefulness and flow are positively linked with e-satisfaction thus affirming hypotheses H1, H2 and H3. Furthermore, path coefficients also show that e-satisfaction is also positively linked with the purchase intentions and e-loyalty. Thus, hypotheses H4 and H5 are also supported. All the relations are significant at 95% confidence level.

Table 3: Fornell-Larcker Test

<table>
<thead>
<tr>
<th>E-Loyalty</th>
<th>E-Satisfaction</th>
<th>Perceived Ease of use</th>
<th>Perceived Flow</th>
<th>Perceived usefulness</th>
<th>Purchase Intentions</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-Loyalty</td>
<td>0.958</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-Satisfaction</td>
<td>0.859</td>
<td>0.947</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived Ease of use</td>
<td>0.920</td>
<td>0.843</td>
<td>0.963</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived Flow</td>
<td>0.874</td>
<td>0.935</td>
<td>0.867</td>
<td>0.943</td>
<td></td>
</tr>
<tr>
<td>Perceived usefulness</td>
<td>0.866</td>
<td>0.924</td>
<td>0.919</td>
<td>0.863</td>
<td>0.936</td>
</tr>
<tr>
<td>Purchase Intentions</td>
<td>0.625</td>
<td>0.646</td>
<td>0.873</td>
<td>0.877</td>
<td>0.787</td>
</tr>
</tbody>
</table>
Table 4: $R^2$ (Predictive Accuracy)

<table>
<thead>
<tr>
<th></th>
<th>Predicting Accuracy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>R Square</strong></td>
<td><strong>E-loyalty</strong></td>
</tr>
<tr>
<td></td>
<td>0.754</td>
</tr>
<tr>
<td><strong>E-satisfaction</strong></td>
<td>Strong</td>
</tr>
<tr>
<td></td>
<td>0.737</td>
</tr>
<tr>
<td><strong>Satisfaction</strong></td>
<td>Strong</td>
</tr>
</tbody>
</table>

Figure 2: Structural Model Result

*All relations are significant at $p$-value < 0.05*

According to the results of the analysis, all hypotheses were supported. Results supported that flow can predict the e-satisfaction. This means H1 is supported. This confirms the result reported by Shin (2006) who suggested that flow is significantly and positively associated with the e-satisfaction. This implies that when users of the website experience flow while shopping online, it is more likely that feelings of satisfaction will be generated for the shopping website. Results also supported the H2 and H3 which means perceived ease of use and perceived usefulness are significantly and positively linked with the e-satisfaction which is consistent with the studies of Lin (2008) and Arbaugh (2000) who proposed that perceived ease of use and perceived usefulness have significant positive influence on e-satisfaction.

Table 5: Path Coefficients

<table>
<thead>
<tr>
<th>Paths</th>
<th>Estimated Parameters</th>
<th>t value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-Satisfaction -&gt; E-Loyalty (H5)</td>
<td>0.957</td>
<td>2.43</td>
<td>Supported</td>
</tr>
<tr>
<td>E-Satisfaction -&gt; Purchase Intentions (H4)</td>
<td>0.945</td>
<td>3.56</td>
<td>Supported</td>
</tr>
<tr>
<td>Perceived Ease of use -&gt; E-Satisfaction (H2)</td>
<td>0.430</td>
<td>5.45</td>
<td>Supported</td>
</tr>
<tr>
<td>Perceived Flow -&gt; E-Satisfaction (H1)</td>
<td>0.414</td>
<td>7.65</td>
<td>Supported</td>
</tr>
<tr>
<td>Perceived usefulness -&gt; E-Satisfaction (H3)</td>
<td>0.267</td>
<td>3.22</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Results of e-satisfaction on e-loyalty and purchase intention was also found to be positive and significant which supports H5 and H6. These results confirms the previous studies of Anderson and Srinivasan (2003) and Kim (2012) who have concluded that e-satisfaction is the key determinant of e-loyalty and purchase intentions for case of online shopping experience.

4. Implications
Theoretically, this study attempts to determine the role of flow along with technological acceptance model for online purchasing and e-loyalty. This research demonstrates that e-satisfaction is obtained when users of the website experience flow, perceive it easy and useful. E-satisfaction ultimately, leads to e-loyalty and purchase intentions which is the ultimate goal of the firm.
Practically, this study propose to the e-commerce companies that they should focus on intrinsic

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motivation of the consumer i.e. flow, which plays a significant role in website businesses (Hoffman & Novak, 1996). Focus should be to build and maintain flow state for the customers as the users of the website will enjoy more and spend more time on the website. Additionally, businesses should try to design the website which increases the ease of use and usefulness perceptions to assist the flow state of the consumer to form e-satisfaction. This in turn, will have higher probability of turning the user into the buyer and creating loyalty. This suggests that customer’s interaction with the website is useful and of key importance.

5. Conclusion and Limitations
Online businesses are striving for growth and sustainability in their businesses. There are many factors which affects the online businesses but psychological factors like perceived flow, perceived ease of use and perceived usefulness are the important factors. Conceptually, these factors lead to the satisfaction and then e-loyalty and purchase intentions are generated. This study verifies these relationships and provided some guidelines to the e-commerce firms that they should focus on the psychological factors of the customers while designing their website so that they should enjoy growth in the business and sustainability through e-loyalty.

Although this research has some useful implications for practitioners and academic researchers, it has some limitations. First, important variable of this study was flow which is multifaceted concept. But this study assesses it with only three items. Further research can be conducted using different dimensions of flow. Second, this study is conducted in Pakistan which is not in advance stage of online shopping. Results from the developed country will provide more insight. Finally, as consumer behavior is dynamic, longitudinal study will give more clear results.

References


Organization Citizenship Behavior: Notion of Social Exchange Theory

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Procedural Justice.

JEL Classification:
O24, O29, D23

ABSTRACT

Purpose: Employee–organization relationship has been one of the main interesting and debatable constructs in discussion of organizational behavior. This study attempts to propose possible antecedents through which not only this relationship could be enhanced but also provide insights for factors to bring voluntary activities among employees to carry out extra duties for organizational wellbeing. Based on the notion of Social Exchange theory (SET), the paper attempts to highlight the organizational and individuals factors that could act as key mechanisms for leading towards organizational citizenship behavior. Therefore, based on the existing literature, the association among variables has been established along with which a conceptual model is proposed and conclusions stating the possible future directions for testing of the model are presented.

1. Introduction

Studies have been conducted in the arena of organizational behavior to identify processes and practices for enhancing organizational methods which helps in conducting smooth operations of organization’s functioning. To overcome various organizational conflicts, managers and organizations are always seeking for solutions and theoretical underpinnings. Thus, to address such inconsistencies various theories have been developed in the genre of organizational behavior.

Social Exchange theory (Blau, 1964) is one of the theoretical foundations which caters to address various organizational processes and aspects. SET highlights the proponent that a series of “interdependent” interactions take place which are contingent on actions. It emphasizes that these inter–reliant transactions result in high potential relationship. SET provides an underlying conception for various organizational phenomenon such as psychological contracts (Rousseau, 1995) leadership (Liden, Sparrowe, & Wayne,
1997), organizational justice (Konovský, 2000), and other factors.

Among other theories, SET is one theory that provides a base for organizational citizenship behavior to explain employee organization exchange relationship. This study endeavors to identify the various antecedents that lead out towards organizational citizenship behavior along with the notion of social exchange theory as its base. As the practice of SET in context of organizational behavior is based on exchange principle, it accounts for the rule of reciprocity (Caponzano & Mitchell, 2005). Thus, it leads to a consensus that employee relationship with organization is based on aspect of reciprocity and it is this exchange nature relationship which could determine the intrinsic or extrinsic behavior of an employee towards his organization.

Employees are one of the most important stakeholders of an organization as they play essential role in its success or failure. SET states that there exists exchange relationship among individuals, stating that an employee reciprocate in terms of its perception and performance with respect to treatment and information received from its organization. Similarly, when employees of an organization feel that their organization is involved in their wellbeing and socially responsible activities, then returns could be achieved from employees through their positive attitudes and extra role behaviors.

One of the critical determinants for promoting organizational effectiveness is “Culture” of an organization, often known as organizational Culture (Deal & Kennedy, 1982; Ouchi & Wilkins, 1985; Schein, 1990). Study of Wikhamn and Hall (2012) highlights that organizational culture acts as medium of exchange of beliefs, values and norms between the organization and employees. Further, study highlights that on the basis of mutuality notion, culture acts as strong medium for transferring organizational norms and values to its employee and in return shaping their perceptions and work performance outcomes. Therefore, this reciprocity helps in creation of mutual interdependence between employees and organization through communication of organizational norms and values in return shaping employees perception and extracting out work related outcomes.

Notion of SET enfoils its extension on the aspects of construct of organizational justice, stating if employees are provided a clear description of procedures, information and outcomes, this helps in enhancing employee performance and helps them in engaging positive work performance. Study conducted by Chen et al. (2015) provides evidence that exchange of accurate information helps to gain employees’ trust and commitment. Thus, organizations providing a fair exchange on basis of outcomes, procedures, informational and interactional perspective lay downs a network of strong association, bondage, trust and loyalty on part of its employees.

To analyze how organizational exchanges through the facet of SET contributes towards leading out in workplace performance, Reis et al. (2007) explored the construct of emotional intelligence in this perspective of how exchanges between an employee and organizations takes place in the backdrop of SET. Thus, the study aimed to explore that ability of an individual to analyze changes taking place is strongly related to outcomes generated.

Notions of organizational citizenship behavior has been famous in various sectors such as banking (Chelagat, Chepkwony, & Kemboi, 2015), telecommunication (Kashif, Khan, & Rafi, 2011), and education (Gadot, 2007). One of an interesting area to study is health care. Health care sector has always been an area in focus and development in Pakistan, establishing new institutes and set-ups for the advancements of doctors. But an undermined area capturing attention in this current era is of ‘nursing’. In the sector of health care, nursing is one of the unique and major work unit providing regular, consistent and superior health care quality to patients (Nayeri, Nazari, Salsali, & Ahmadi, 2005).

Nursing in itself is an institute encompassing all structural and behavioral entities, entitled as important
constituents of any organization. Besides the educational development of nursing, a concerning issue is behavioral aspect of nursing. It encompasses the different actions and outcomes as a result of HR practices. According to Kumar, Ahmed, Shaikh, Hafeez, and Hafeez (2013), human resources in an organization is one of the important components who act as a mechanisms of providing a valuable service network. Therefore, the lack of a sustainable service delivery creates question not only on the HR practices and policies but also on the institution itself. This raises a concern of the work routine and outcomes faced in nursing and performing of the extra role behaviors for organizations where prescribed duties create pressure is an important question to be addressed.

Based on the discussion generated, the scope of this study is to gap out, in context of social exchange theory, that how organizational culture, psychological capital and emotional intelligence influence an employee’s organizational citizenship behavior in both terms as direct relationship and through interactional and procedural justice as mediators.

2. Literature Review and Theoretical Relationship
"Extra Role Behaviors" according to Organ (1988, p. 4), “are the discretionary behaviors of an individual which are not explicitly recognized by the formal reward system, and in the aggregate promote the efficient and effective functioning of the organization.” Organizational Citizenship behavior is the umbrella term which addresses such behaviors. According to Schneider, Ehrhart, Mayer, Saltz, and Niles-Jolly (2005), OCB has always been valuable for organizations especially in facing the growing service imperatives. OCB entails with it numerous benefits for the organization such as, enhance efficiency, productivity and overcome turnover (Podsakoff, Whiting, Podsakoff, & Blume, 2009).

Western countries highly promote organizational processes which incorporate OCB occurrences among its employees. In view of Pearce and Gregerson (1991), employees in the western world, such as in North America and Europe, are sure of the laws, rules, and legal rights of protections by the organizations which enforce their perception in promoting organizational image and repute, thus leading them to act in favor of the organization and which makes them more cognizant towards their organization.

Enormous studies have been laid down in western countries providing a stream of works which identify such processes that heighten extra effort behaviors among its employees. These are for instance, studies such as in Australia, on job satisfaction and OCB among human service workers (Murphy, Athanasou, & King, 2002), individual characteristics of whistle blowers of organization on OCB (Kraemer, 2008) and workplace attitudes and its outcomes on OCB among hospital nurses (Cavanagh, Fisher, Francis, & Gapp, 2012). In North America, there have been studies, for instance, regarding emotional exhaustion and OCB among nursing staff members (Halbesleban & Bowler, 2007), and OCB with organizational commitment among knowledge workers (Öztürk, 2010).

The construct of OCB carries equal emphasis in eastern societies as well; the pioneering role is the work by Farh, Earley, and Lin (1997), identifying the Asian dimensions of OCB, and this has further been explored in Chinese and Taiwanese researches (Chen & Francescco, 2003; Chu, Lee, & Hsu, 2006; Liang, Ling, & Hsieh, 2007). In Chinese society, an association and analogy has been established between culture and OCB perspectives.

In context of Pakistan, although being an eastern country caries the same cultural and ethnic perspectives, it is recognized as a country where values and beliefs act as strong base for association but in context of organizational perspective, there lies a gap between the organization and employees which leads towards phenomena of familialistic collectivism. Studies have been in discussion for identifying various antecedents of OCB such as individual disposition (Kashif et al., 2011), job satisfaction (Yousaf & Sanders, 2012), perceived organizational support (Khan, Mahmood, Kanwal, & Latif, 2015). But an exploration of underlying processes governing and molding employee perceptions and attitudes envisaging OCB and
how it could shape employees behavior to do more for the organization’s well-being is still underemphasized.

The study aims to identify the various facets not only in direct relationships of organizational culture, but also determining the mediational effect of interactional justices and procedural justice to examine the extent to which variables acts in associations on employees for voluntary “extra efforts” to act as good soldiers of organization especially in scenario of nursing sector in Pakistani Context.

Mohanty and Rath (2012), in a three sector study of manufacturing, information technology, and banking, highlight how culture stands as an important notion in shaping employee’s behavior and attitudes. They further identified the characteristic of culture such as beliefs and norms, conflict and risk tolerance, structure, and individual responsibility that stand out in leading towards the altruistic, sportsmanship and consciousness in an employee’s attitude towards its organization. According to a study conducted by Subramanian and Yen (2013), few of the various traits of organizational culture are regulatory and guidance aspect, in the very same way children are provided guidance and monitored by parents. Therefore, culture could be used as a strong facilitator in influencing and molding an employee’s belief and can bring out the component of “extra effort” in their work outcomes.

One of outbranch of psychology and organizational behavior which is labeled positive extension is psychological capital (Luthans & Youssef, 2004). According to Luthans and Youssef (2004), it is conceptualized as a mind’s positive state revealed during the course of an individual’s development and growth. Thus, an individual with strong sense of self-efficacy, optimism and challenge taking attitude has the ability to carry out the extra role behaviors for the organizational prospects and growth. Golestaneh (2014) focuses on the relationship between how psychological capital positively contributes towards citizenship behavior of an employee. Thus, an employee’s hope, self-efficacy and sense of optimism contributes significantly in bringing out the “good soldier” syndrome in an employee.

Conception of emotional intelligence came out from the work of Salovey and Mayer (1990), classifying it as a trait of intelligence of social outset than general disposition. It is an ability to monitor not only one’s own emotions, instead other persons’ emotions and to differentiate and use it as guiding tool for shaping one’s ideas. On the other hand, Turner (2004) classified it as “softer component” of whole intelligence which addresses both personal and professional lives of individuals. Therefore, an employee’s emotional intelligence does contribute towards his actions and performance towards organization.

Human traits have been recognized as playing an important role in bringing out an individual’s outcomes in workplace. Carmeli and Josman (2009) advocate this perspective in their article stating that higher level of work and task performance is positively related with individuals having high emotional intelligence. Thus, an individual with ability to monitor her emotions is in a better position to better understand the organizational stance and work in generating positive outcomes and performing extra efforts.

Literature in domain of organizational behavior provides evidence regarding interrelation between organizational justice and extra-role behaviors. Moliner, Martínez-Tur, Ramos, Peiró, and Cropanzano (2008), in their study extended this domain by studying justice with extra role behaviors of customer services, exploring the direct effects and indirect effects through burnout and engagement. Judgments about the fairness of the process of making decisions, empathy and apprehension act as strong ingredients for employees behaviors. Perception of being fairly rewarded and provided with equitable allocation of resources helps to create a sense of obligation in employees (Kalay, 2016). This obligation would lead towards performing extra roles for organization’s betterment.

Taamneh (2015) tested that how interactional justice contributes towards the organizational citizenship behavior, by conducting analysis of sample of 98 employees and 20 managers to measure how the
practice of interactional justice takes place in rooting the citizenship behavior among employees. Wang, Liu, Luo, Ma, and Liu (2016), in study conducted in China, for 212 subordinate and employee relationship in transportation group identified that procedural justice plays a significant role in an employee’s work outcomes. Similarly, Zhang, Lee, and Zou (2012), in their study emphasized on the aspect that a clear description of action, decision making, and procedures when communicated to employees provides a support for organization in bringing out voluntary actions on part of its employees.

3. Research Framework
Research framework of proposed relationships in provided in figure 1, thus comprises of organizational culture, and psychological capital, and emotional intelligence as independent variables and organizational citizenship behavior as dependent variable, along with interactional justice and procedural justice playing the role of mediators. The model highlights direct and indirect relationship that exists between the independent, mediating and dependent variables.

![Figure 1: Diagrammatic representation of proposed framework](image)

4. Conclusion
Prospect of enhancing an employee’s attitude towards organizational tasks and responsibilities does depends upon the various organizational and individual indicators. An innate tendency is to be created on part of employees for performing more than the prescribed roles and characters assigned by organizations. There can be conflicts, confusions and disagreements on both parties i.e. organization and employee leading to breaking of a mutual agreement. Behavioral competency is what is required to overcome these issues and create a viable mutual benefit for both parties - one of the outcome notions of Social exchange theory.

The work presented in this paper contributes towards existing body of literature and provides an extension of social exchange theory. It allows an opportunity to test if social exchange theory in context of Pakistan acts as a base for organizational citizenship behavior or any specific cultural traits effects it applicability. In this paper, a conceptual model is proposed for enhancing employees’ voluntary actions and efforts towards organization. This paper does not suffice only on a specific process rather accounts both organizational and individual approaches for creating a more proactive approach towards efforts rather than the reactive actions.

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A Validity Study of Malay-translated Version of the Modified Caregivers Strain Index Questionnaire (M-CSI-M)

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ABSTRACT

Purpose: The population all around the world varies in accordance with the cross cultural survey instruments or scales. Doctors and nurses and other health practitioners need unlimited access to the basic working concepts in order to provide consistent and good health care to the patients in their various regions. The basic aim of the survey is to explain the Modified Caregiver Strain Index, (M-CSI) in the Malaysian language. Another aim of this survey is to analyze the impact of the Malay translated version of the Modified Caregiver Strain Index, (M-CSI-M)

Methods: The instrument was translated ahead first and then rebranded by a panel in line with the translation strategy. This was then reconciled and the authenticity was checked by the Malaysian Institute of translation and Books as experts literature and content. After methodological approaches for the translation, adaptation and transcultural validation of Modified Caregiver Strain Index (M-CSI) the recently updated version of Malaysia was sent to 50 care givers who were not in the formal sector. These caregivers took care of the elderly folk who were suffering from Parkinson’s disease. These were got from the Parkinson Malaysia (MPDA) and the University Kebangsaan Malaysia (UKM) Medical Centre in May 2017

Results: The Malaysian Modified Caregiver Strain Index (M-CSI-M) has sound validity, that is depicted by the inner consistency of the Cronbach alpha of 0.75.the index is also highly looked upon and thus a valuable opinion and point of reference.in summary it is an essential tool that is used to determine the stress levels of various caregivers that operate outside the formal sector in the quest to take care of Parkinson’s disease patients in Malaysia. This index is of high value that even the doctors and social workers as well as psychologists employ the use of it to help locate the exact point of stresses affecting the caregivers for the elderly with Parkinson’s diseases in Malaysia

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1. Introduction
Malaysia is located in the southern region of Asia and it has a population of 31.7 million citizens from different ethnic groups, cultures and religions. Malaysia comprises three major ethnic groups: the original Malaysians (68.6%), the Chinese population (23.4%), the country also has an Indian population of about (7.0%) and the rest of the people comprising of foreign nationals and all (1.0%) this is in sync with the Malaysia statistics department (2016).

Today we are confronting a growing aging population worldwide. For 2030 it is expected that the number of adults over 65 years will represent 20% of the population (Wan, et al., (2005). The investigations carried out during the last 20 years shows that people are living longer and with fewer disabilities compared with the previous generation (Freedman et al., Martin, and Schoeni, (2002), Journal on reorganization for an aging of America (2008). According to the Department of Statistics Malaysia (2014), 70 % of the entire population of Malaysia is coming from the age group between 15 and 64 years of age. The pattern of this pointer is in accordance with the move of age structure towards aging population of Malaysia.

In the country, since the government administered and reverted terminal mental health services back to the society, informal care providers have had the sole mandate of taking care of their elderly relatives at their own homes. As per culture, Malaysian families make unanimous decisions to take care of the sick member of the family in the house and see the hospital service as their last option (Deva, P.M, 2004). However, at a given stage, being an informal care provider and at the same time to manage their own lives and attention to the family is difficult and demanding (Hansen, Archbold, & Stewart, 2004; Sherwood, Given, Doorenbos, Given. (2004), Teschendorf et al., 2007). In the present years, the number of informal care providers of dependent elderly in family has increased and continues to increase due to the aging of the Malaysian population (Department of Statistics 2014). This demanding situation in Malaysia today, more informal care providers are expected to put his career and financial matters pending, as they juggle with part-time caregiving and full-time job requirements.

The informal care providers of dependent elderly can experience often caregiving pressure. For the reason of analyzing diligently this question, health professionals, counselors, psychologists and care givers perhaps require to put into use an easily managed measuring tools in their practices. In the context of Malaysia, an extra setback is to analyze if these measuring tools conceived from the Western culture are authentic and reliable to evaluate the caregiving strain of the informal care providers.

There is a good number of self-evaluation tools have been developed to assess caregiving burden or stress level of informal care providers (Deeken jf et.al. (2003). These include Zarit Burden Interview, Caregiver Strain Index (CSI), Modified Caregiver Strain Index (M-CSI), Caregiver Burden Scale and Caregiver Reactions Assessment. The CSI is a short, simple and easily self-administered measurement scale (Robinson, B. C. (1983). The internal consistency, reliability is high with the Alpha Cronbach of 0.86, has a good construct validity correlated with the physical and emotional health of the care provider and with subjective opinions of the care giving parameter. It has been tried on care providers of cancer (Ozlem Ugur, Cicek Fadioglu (2010) and in patients with incident cerebrovascular (Van Exel J, et. al., 2004), and Post M, (2007). In Malaysia the Malaysian version of CSI has been validated (Othman Z, Wong ST. (2014), and was administered to 50 care providers of patients with cerebrovascular attended the clinic of hospital Umum Sarawak in December 2011. The Malaysian Caregiver Strain Index (CSI-M) has a good face validity and content, as well as inner consistency (Alpha Cronbach of 0.79) as indicated by Zahiruddin Othman and Wong Siong Teck (2014). The Malaysia Caregiver Strain Index (CSI-M), has been translated and validated based on the original Caregiver Strain Index (CSI), which has been validated in 1983 by Betsy C. Robinson.

As CSI has been developed on the basis of the community of English speakers, a process of cultural
adaptation and the assessment of the validity of the new version are vital before the tool can be recommended for their use in the different cultures of the original. Currently it has been translated and validated for the Turks (Ozlem Ugur, Fadıloglu Cicek, (2010), and the Chinese version for the Hong Kong Chinese (Chen ML, Hu LC., (2002).

The adjustments in the set-up of families are currently and in the foreseeable future will proceed with having a consistent impact on the care giving answers required throughout the growing aging of the world population. Thus, a reliable, parsimonious, and convenient multi-cultural and multi-language measure of family care provider strain is likely to be a useful instrument for care provider research and practice in the foreseeable future. Care providers of older dependent people may often experience caregiving stress and burden. In order to assess systematically the issue related, health care professionals, counselors, psychologists and social workers in Malaysia may need to use the latest version of short and valid measures in their practice. In the context of Malaysia, one additional challenge is to examine whether a measurement developed in the Western culture is valid for Malaysian care providers of dependent elderly with Parkinson’s disease. The caregivers have been noticed to be doing a job encompassing the levying of advantages and disadvantages. Care providers can also get exposed to depression-related illnesses, grieving, tiredness, economic difficulties, as well as adjustments in the relationships on a social aspect. That can possibly culminate in problems of physical health (Thornton & Travis, 2003). According to Megan Thornton and Shirley S. Travis, Modified Caregiver Strain Index (MCSI) was adapted and validated as one of the latest version of screening instrument useful to identify any individual care provider and their care giving experiences.

In this study, the latest version of the Modified Caregiver Strain Index (MCSI) questionnaire was translated into the official language of Malaysia and its psychometric properties also will be assessed.

2. Method (Participants and Instruments)
2.1 Construction of Malay version of Modified Caregivers Strain Index (MCSI-M)

The exchange of the Modified Caregiver Strain Index (MCSI) a extra cutting edge version of the Caregiver Strain Index (CSI) invented round the 12 months 1983. This index had been amended and developed in 2003 with the aid of sampling one hundred fifty units of family care companies supplying care for the aged dwelling in the society. The rating has been put at 2 marks in each 'yes' response and a single mark in every reply containing "sometimes". A greater whole mark consequently interprets to a higher stage of care giving stress or alternatively pressure (Travis et al., 2003; Thornton &amp; Travis, 2003). In the Modified Caregiver Strain Index there is a better match giving us a simpler calculation. Even though the proof of the unique version of the CSI find the index is a dependable measurement, the modified version appears to be a better instrument to measure the strain between long-term care providers.

Megan Thornton, Shirley S. Travis (2003), has additionally stated that the Modified Caregiver Strain Index has barely better interior reliability (alpha = .90) than the unique Index, as were knowledgeable in 1983 (alpha = .86). The two-week reliability test-retest used to be .88. It is a short, easily-to-manage, easily scored self-assessment instrument, and is correlated properly with variables regularly related with stress of caregiving and enduring pressure (Thornton, M., &amp; Travis, S.S. (2003). According to Betsy C. Robinson and Megan Thornton and Shirley S. Travis the Modified Caregiver Strain Index may also be administered to individuals in the household looking after the elderly people with disabilities. The index evaluates thirteen dimensions including physique, financial tasks of the family, interactions with the community, required time, as nicely as work. By picking out the origins of the tension and quantifying the magnitude of the injury done, the index may additionally lead the choosing out of interventions which would be employed to beautify or rather enhance the anxiety amongst care givers and ofcourse alleviate the two dwelling prerequisites amongst care givers as properly as those who are being taken care of (Thornton, M., &amp; Travis, S.S. (2003) and Robinson, B.C. (1983).

Although the process of translation, adaptation and validation of the various measures of scale for
transcultural research are quite laborious and need sound planning as well as the use of advanced methodological processes rigorous such that reliable measurements are obtained and valid concept of interest in the target population (Sousa, V. D. And Rojjanasrirat, W. (2011). Strongly recommended methodological approaches for the forward-backward translation and amended Modified CSI for thee care givers who cannot speak English, much remains to be done to intercultural health research (Thornton, M., & Travis, S. (2003). Between the two major categories of translation (symmetric as well as asymmetric), symmetric aspects are those approaches that are highly looked upon since they affect the fidelity in what is meant as well as colloquialness either the dialect of origin (SL; the instrument’s native dialect) and the dialect that is targeted (TL; the dialect) which is not a direct interpretation (Jones, E. G. and Kay, M. (1992). The whole point of the translation is to obtain a balance between the SL instrument as well as the TL instrument (Sperber, A. D. (2004). The symmetrical interpretation is the fundamental aspect that opens up the comparing of various responses of people of a particular culture to those of another (Sousa, V. D., Zauszniewski, J. A. Mendes, I. A. C. & Zanetti, M. L., Jones (2005), E. G. and Kay, M. (1992) Jones, P. S. Lee, J. W., Phillips, L. R., Zhang, X. E. & Jaceldo, K. B. (2001) and the determination of the rates the most significant aspects of cross-cultural: equivalence semantics, conceptual, content, criterion and technique (Hilton, A. & Skrutkowski, M.(2002), Beck, C. T., Bernal, H. & Froman, R. D. (2003).

Furthermore the process known as centering (Brislin, R. W. (1970), wherein the SL and the TL of a tool are both of equal importance, must be extensively utilized. This procedure is often referred to as forward-translation (McDermott & Palchanes, 1994). As Brislin (1970, 1980) suggests, a good practice for the translation is to employ at least two bilingual translators’ authorities that may be familiar with the research, one to translate forward and the other to translate in the original language without having seen the original text. The differences that have occurred during the process are negotiated between the two bilingual translators (Brislin, 1970). The translation process in this study was conducted in an independent way by two forward-translators and 2 back-translators who were the counseling psychologist imminent in both English and Malay language. The forward and back-translated versions were reconciled in producing a harmonized version of MCSI-M. The meaning and content remained unchanged throughout the translation process. We used the recommended size of the sample of 10 Malaysian care providers between 21 and 60 years of age, who speak fluent Malay language for the pilot test of MCSI-M. The ease of understanding and interpretations of all the elements were checked. The face validity has been very satisfactory. The final version of the MCSI-M has been revised to ensure a satisfactory face, content, semantic and conceptual equivalence. The validity of the content was acceptable, judging from the content experts concerned by the Malaysian Institute of Translation & books (formerly known as the National Institute of Malaysia to translation). All analyses in the study were conducted using SPSS for Windows version 22.0 (SPSS Inc., 2013).

2.2 The study participants
The study protocol was approved by the Research and Ethics Committee for research involving Human Subjects University Putra Malaysia (Jawatankuasa Etika University Penyelidikan Melibatkan Manusia - JKEUPM).

The objective participants were the care providers of the dependent elderly (above 60) with Parkinson's disease in the KLANG valley, Malaysia. To access the target population, the researcher drew to the Association of Parkinson Malaysia (MPDA) and University Kebangsaan Malaysia (UKM) Medical Centre, also known as Hospital Canselor Tuanku Muhriz is one of the four university hospitals in Malaysia, for care providers that usually accompany patients. The size of the eligible study sample was ≥50 care providers, which has been suggested as a reasonable number of cases to ensure statistical power of correlation and the regression analysis (Green, S.B 1991).The researcher, a trained and certified psychological counselor manages the test individually to 53 participants in May 2017. Participants (n=50) have given their informed consent after the nature of the study was explained to them. All subjects were literate, cooperative and able to understand the Malay language (which is the official language of
Malaysia), only 3 were not eligible because they were not competent in English or the Malay language and also not keen to participating in the study.

The inclusion criteria was as follows: 1) Malaysia citizen residing in Klang valley multiethnic informal care providers at the age of 18 years or more with different education and socio-economic background, 2) has agreed to participate in this study 3) identified by the dependent elderly parents or relative as primary care provider, 4) The care provider will be able to understand and speak in English or the Malay language sufficiently, and will be capable of giving their informed consent. As regards to the exclusion criteria, participants: 1) had serious chronic diseases affecting the function of cardio-pulmonary function, 2) were being treated for severe mental disorders or with uncontrolled mood disturbances, 3) had thoughts of self-harming or to commit suicide in 6 months before, 4) Those whose care recipients is dead before the commencement of the study, 5) persons who were not competent in English or the Malay language.

2.3 The administering and interpretation of MCSI-M
The researcher has explained in the first place to the potential care provider of the dependent elderly with Parkinson’s disease about the difficulties and challenges which face both patients and care providers, before the researcher administer the index. Megan Thornton, Shirley S. Travis (2003) have also indicated that all care providers either formal or informal should understand that the caregiving strain increases the risk of become very physically and emotionally tired, potentially leading to the institutionalization of the patient.

The response to 13 items of the Malay version of Modified Caregiver Strain Index (MCSI-M), where the statements receive a numeric score of "yes", on a regular basis = 2; while "yes" sometimes = 1; and "no" = 0. Participants are asked to checkmark each of the statement best describes his personal situation in regards to caregiving. Match all marks in each column and multiplied by the corresponding value (2, 1 or 0). As a result, adds these subtotals for obtaining a total score. The score goes from 0 to 26, where 0 indicates no caregiving strain and 26 indicating the extreme tension of caregiving strain.

3.Results
3.1 Characteristics of the participants
Table 1 demonstrates the variables of socio-demographic for informal care providers agreed to participate in the study (n=50). The age ranges from 21 to 74 years, with an average of 40.74 years. Twenty nine(58%) of care providers in this study were women, in line with the many functions as: hands on health care provider, care manager, friend, and even companion that traditionally still generalizable to ladies. Chinese, India and others had to make a 34, 38, 26, and 2 percent of all participants, respectively. About 8 (16%) of care providers were educated up to the secondary level, while 40 (80%) received tertiary education. Forty two (84%) of the subjects were employed. There were about twenty eight (56%) of those who live with the care recipient providing assistance. More than half of the subjects were children (66%), sixteen (32%) spouses and only one (2%) others (friend or relative).

Table 1. Caregiver socio-demographic characteristics (n=50)
### 3.2. Descriptive statistics of the items

The consistent internal reliability of the instrument was tested using a correlation matrix of 10 conceptual framework learning outcomes. We use the Alpha Cronbach criterion to produce an internal consistency reliability: Excellent ($\alpha > 0.9$), Good ($0.7 < \alpha < 0.9$), Acceptable ($0.6 < \alpha < 0.7$), bad ($0.5 < \alpha < 0.6$) (Kline, 2000; George & Mallery, 2003). The frequency distribution of the single instrument elements showed that most of the response options are well utilized as shown in Table 2. Cronbach's alpha for MCSI-M-13 is 0.75, indicating that the scale had a good Internal consistency.

### Discussion

MCSI is a short, and convenient to use and is a self-administered tool. Long-term household care providers are no longer at ease with the dichotomous preference in CSI; the modified device provides the opportunity to select a media category response that is an excellent fit to some situations (Travis et al., 2003). MCSI make clear and update some of the factors of the authentic tool. According to Thornton and Travis (2003) the internal reliability coefficient is barely higher (= 90) than the coefficient at the start mentioned for CSI in 1983 (= 86). The three-step translation manner ensures that the translated questionnaire continues the thinking of the original Modified Caregiver Strain Index (MCSI) questionnaire. The Malaysian version of MCSI has been concluded to have a correct face and content material validity. It also has correct interior coherence reliability as proven by using the Cronbach's Alpha 0.75. The original English version had internal consistency of 0.90 (Thornton, M., & Travis, S.S. (2003). The internal consistency for the Turkish version was 0.77 (Ugur O, Fadiloglu C. (2010). The Caregiver Modified Caregiver Index (MCSI) for Philippine Healthcare Professionals is a questionnaire of only 11 questions addressing four major caregiver role strain areas: physical, personal, emotional and financial. Each item can be solved by a three-point Likert scale. The sum of the scores of all the elements to determine if a care provider has stress. A score of ≤ 23 is normal, 24-28 shows the propensity to deformation and ≥ 29 means severe deformation of the care provider (By: Bautista MT, et.al.,(2007), cited in Panganiban-Corales, A. T., & Medina, M. F. (2011). In conclusion, a good internal consistency of reliability, MCSI-M could be better choice to assess the stress level experienced by informal care providers in the population of Malaysia.

In this study the researcher utilized convenience sampling, which is useful for descriptive and correlational studies in relatively new research areas (Burns N, Grove S (2005). Several reasons for using this method are: it is difficult to create a list to make a random selection when the goals of the study do not need accurate results, such as in bio-psycho-social surveys; Or when the researcher is interested in a population of only a few cases they may be available for study and they should serve as a sample of the population such as the informal caregivers of dependent elderly people with Parkinson's disease.

There were several limitations in this study. Since the subjects were not randomly selected, the participants cannot represent the ethnic composition of the general population of Malaysia. The Department of Information census (2015), denoted that the ethnic composition of Malay (Malay or Muslim), Chinese Malaysian, Indian Malaysia, non-Malay Bumiputera and other indigenous was 52.24, 25.52, 12.12, and 1.32, percent, respectively, in the general population of Selangor state. According to the WorldAtlas.com census (2017), the ethnic composition of Malay (Malay or Muslim), Chinese Malaysian,
non-Malaysian Bumiputera and other indigenous, Indian, Malaysian and other groups was 50.1, 22.6, 11, 8.6, 7 and 8.8 percent, respectively, in the general population of Malaysia. Therefore, Malaysian ethnicity in this study was sub-represented at state and national level. By contrast, Chinese ethnicities have been over-represented at both levels in this study. It is recommended that to make a generalized assumption a more representative sample of Malaysian population is needed.

Table 2. Frequency of positive responses to the M-CIS-M questionnaire (n= 50)

<table>
<thead>
<tr>
<th>Question number</th>
<th>Response</th>
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<tbody>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>Q1 Tidur saya terganggu (sebagai contoh: individu dibawah jagaan saya naik dan turun dari katil atau merayau-rayau pada waktu malam)</td>
<td>33</td>
</tr>
<tr>
<td>Q2 Khidmat pemjagaan adalah menyusahkan (sebagai contoh: bantuan yang diberikan mengambil terlalu banyak masa atau pemanduan yang jauh untuk menghulurkan bantuan)</td>
<td>35</td>
</tr>
<tr>
<td>Q3 Khidmat penjagaan merupakan suatu beban fizikal (sebagai contoh: mengangkat seseorang ke kerusi atau menurunkan seseorang daripada kerusi; usaha atau tumpuan diperlukan)</td>
<td>33</td>
</tr>
<tr>
<td>Q4 Khidmat penjagaan mengehadkan kebebasan diri (sebagai contoh: bantuan yang diberikan mengehadkan masa lapang atau saya tidak boleh menziarahi sesiapa)</td>
<td>36</td>
</tr>
<tr>
<td>Q5 Terdapat penyesuaian keluarga (sebagai contoh: bantuan yang diberikan telah mengganggu rutin saya; tiada privasi)</td>
<td>39</td>
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<tr>
<td>Q6 Terdapat perubahan dalam perancangan peribadi (sebagai contoh: saya terpaksa menolak suatu pekerjaan; saya tidak dapat pergi bercuti)</td>
<td>41</td>
</tr>
<tr>
<td>Q7 Terdapat keperluan lain untuk masa saya (sebagai contoh: ahli keluarga yang lain memerlukan saya)</td>
<td>41</td>
</tr>
<tr>
<td>Q8 Terdapat penyesuaian emosi (sebagai contoh: pertengkaran teruk tentang khidmat pengajuan)</td>
<td>42</td>
</tr>
<tr>
<td>Q9 Seseorang tingkah laku membimbangkan (sebagai contoh: inkontinens; individu di bawah jagaan saya mempunyai masalah mengingati benda; atau individu di bawah jagaan saya menuduh orang lain mengambil barang)</td>
<td>37</td>
</tr>
<tr>
<td>Q10 Sesuatu yang menyediakan apabila mengetahui individu di bawah jagaan saya telah banyak berubah berhandling dirinya dahulu (sebagai contoh: beliau berbeza daripada dirinya sebelum ini)</td>
<td>38</td>
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<tr>
<td>Q11 Terdapat penyesuaian kerja (sebagai contoh: saya perlumengambil cuti untuk memberikan khidmat penjagaan)</td>
<td>37</td>
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<tr>
<td>Q12 Khidmat pengajuan merupakan suatu beban kewangan</td>
<td>33</td>
</tr>
<tr>
<td>Q13 Saya rasa benar-benar terbeban (sebagai contoh: saya bimbang tentang individu di bawah jagaan saya; saya khutur tentang cara untuk saya menanganinya)</td>
<td>36</td>
</tr>
</tbody>
</table>

5. Conclusion
It is well-studied that caregiving can have unfavorable and hazardous effects on the care-recipient’s care and the care provider themselves. The prevalence of stress amongst casual care provider may additionally extend the chance of caregiving burnout and this can trigger the family members’ selection to institutionalize the established elderly. When given normally (perhaps annually), the MCSI-M index can be used to help reveal the persevering with consequences of caregiving on family individuals as properly as any casual care companies of Malay language orientation. As Parkinson ailment iritate over time, fitness care authorities be asking care vendors to entire the questionnaire at least as soon as a year, so that they can work with them to identify approaches to alleviate their strain. The Modified Malay Caregiver
Strain Index (MCSI-M) has a precise face and content material and interior consistency (Cronbach’s Alpha 0.75). MCSI-M is a reliable device for assessing the care provider’s experience, will be needed properly into the foreseeable future in Malaysia.

References


Bibliography

Crystal (1991) defined translation as a process where “the meaning and expression in one language (source) is tuned with the meaning of another (target) whether the
Do CPEC Power Plants Impact Pakistan’s Environmental Condition: Evidence from Literature

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| Keywords | CPEC, OBOR, Energy crisis, Coal, Pakistan |

| JEL Classification: | O11, O12, N85 |

ABSTRACT

Purpose: With the increase in the population of the world and with the increase in the civilizations the need of humanity is increasing day by day. Now people need electricity for the meeting of their needs. From the period of 2000s Pakistan is suffering from the problem of load shedding. Load shedding results in the poverty, hunger and unemployment. Government of Pakistan is keen to solve the power shortages problem and for this in 2013, CPEC idea was emerged, China government aims to invest in Pakistan and they have will to solve this problem. However environmental experts have shown their concerns regarding the use of coal in electricity production. With the help of literature available this point established that there are environmental hazards that will surely harm the environment.

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1. Introduction

1.1 Background

It is without hyperbole and ahead of the doubt that energy has become one of the most major needs of the human being. The utility of energy has greatly evolved over the last century. The whole range of human activities including private residence, trade and commerce, industry, haulage and agriculture has mostly become dependent on energy. Worldwide, energy prosperity has become very crucial to overcome basic social problems such as poverty, hunger, disease and illiteracy. Word’s total population over all is 7.5B and word’s population growth rate is 4.1% (wordometer,17). Pakistan is the sixth most populated country in the world with the estimated population of 21M. Population growth and fertility rate is 1.86 and 2.60% respectively (Economic survey of Pakistan, 2016-17). Government of Pakistan is very serious about the rapid increase in the population and he is taking serious steps regarding this. Pakistan population is 2.56% of total words population which obviously meant that among every 39 souls, one soul is of Pakistani.
As the above figures are showing that Pakistan population is increasing very fast, in the same way energy consumption is also increasing. Due to poor planning of Pakistan rulers we are now facing the problem of load shading. According to private infrastructure board government of Pakistan, the demand and supply of electricity during the period 2011-2017 is as follows.

<table>
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<th>2k16</th>
<th>2k17</th>
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<tbody>
<tr>
<td>Expected</td>
<td>18503MW</td>
<td>20814MW</td>
<td>21167MW</td>
<td>23368MW</td>
<td>23538MW</td>
<td>24408MW</td>
<td>25630MW</td>
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<td>available generation</td>
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<tr>
<td>Demand</td>
<td>19352MW</td>
<td>20874MW</td>
<td>22460MW</td>
<td>24126MW</td>
<td>25919MW</td>
<td>28029MW</td>
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<tr>
<td>peak</td>
<td>-849MW</td>
<td>-60MW</td>
<td>-1293MW</td>
<td>-758MW</td>
<td>-2381MW</td>
<td>-3621MW</td>
<td>-4593MW</td>
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<td>Deficit</td>
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<td>Generation</td>
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Table 2. Source: Private Power and Infrastructure Board- Government Of Pakistan
According to the WAPDA vision 2025, the Water and Power development authority aims to complete the following projects by the end of 2025.(a) Completion of Indus Basin Replacement Projects, which includes the construction of 5 Barrages, 8 inter-river link canals, Mangla and Terbala Dams. (b) Ghazi Brotha Hydro power project. (c) Khan Khower Hydro Water Project. (d) Development of 5 dams, 3 Mega Canals, 5 Hydro Power projects, 2-drainage projects-RBOD-I and RBOD-III(under implementation), 25000MW Electricity. In view of the vision 2025, and with the aim to fulfill the vision Government of Pakistan after council of common interest meeting, Pakistan gave the national power policy in 2017. According to this policy to overcome the energy demands, government of Pakistan will invite the different investors for different power and water projects (National Power Policy, 2017). GOP, in view of this all scenario has formulated certain objectives regarding the investors, these objectives include: (a) to provide the energy facilities at least cost, (b) to ensure the efficient use of natural resources, (c) to plant only those projects that are environment friendly (National Power Policy,2017). To accomplish all these projects there was a need of true and sincere friend who could help the Pakistan, obviously other than China no one is there whose friendship is sweeter than honey and deep than ocean. Using the concept of ancient Silk road, Pakistan find it as God gift and proposed the idea of CPEC. At beginning there were only China and Pakistan but now more than 15 countries are interested in it (Quora,16). To build trade route between the China and the countries of central Asia, Europe and the countries that are situated on the Pacific Ocean. This road is the network of gas pipelines, petroleum pipe lines, railways, ports and grid station (Quora, 17). “One Belt Initiative” is progressing by leaps and bounds under the supervision of visionary Chinese leader “Xi. Jinping” in light of his ambitious planning’s , with dawn of 2013 GOP inaugurated CPEC, with worthy investment of $55B which is now raised to $62B(Express Tribune,2017). However, keeping in view the serious problem of energy in Pakistan, the China will invest $35B just in the energy projects which are total 19 in overall Pakistan (Dawn, 2017).

1.2 Research Objective
There are three research objectives. The first one is to know the actual causes of energy crisis. Second one
is to know about the fact that whether this energy crisis is due to governance failure? Third one is to know that whether these said energy projects under CPEC are environment friendly.

1.3 Research Methodology and Questions
Following questions with the help of previous articles and newspaper will explore the research agenda.

- When was the idea of CPEC came?
- What do you think about CPEC investments?
- What do you know about CPEC energy projects?
- Do you think that energy problem is due to governance failure?
- What is your viewpoint regarding environmental hazards of Pakistan?
- Do you think that these CPEC energy projects are environment friendly?

2. Literature Review
To support the topic this section will include several literature of books, research articles and other material.

2.1 One Belt One Road:
One belt one road (OBOR) which is also known as “silk route”. The reason to call, this route as “silk route” is that at that time silk was derived from these countries who were specialized in the silk production and also in the horse trading. Silk industry was begun around 5000 and 3000 BC in China. It reached India around 140 AD. Silk route was also used to export the worm eggs into the Mediterranean and from there into rest of Europe (World atlas,17). Central Eurasia was famous for its horse riding communities and horse breeding also. However, due to poor infrastructure Chinese were having trouble in transportation of their goods in the safe way. For this purpose China extended “wall of China” for the safety assurance of their trade (Quora,16). Trade on this silk route resulted in the development of Chinese civilization. With the passage of time, China realize the importance of trade zones as it was the necessity of time. Keeping in view the geographical boundaries, and looking at the importance of Gawadar Port, Xi Jinping presented the idea of silk route in the advance form that is “OBOR” in 2013. According to China’s greater neighborhood policy (CGNP), Xi Jinping has ambitious vision of connecting China to central Asia and Europe (Fallon, 16). Specially one trustworthy Chinese official statement that was issued by “Ministry of foreign affairs and ministry of commerce in 2015 was: “The Belt and Road run through the continents of Asia, Europe, and Africa, connecting the vibrant East Asia economic circle at one end and developed European economic circle at the other, and encompassing countries with huge potential for economic development. The Silk Road Economic Belt focuses on bringing together China, Central Asia, Russia and Europe (the Baltic); linking China with the Persian Gulf and the Mediterranean Sea through Central Asia and West Asia; and connecting China with Southeast Asia, South Asia and the Indian Ocean. The 21st- Century Maritime Silk Road is designed to go from China’s coast to Europe through the South China Sea and the Indian Ocean in one route, and from China’s coast through the South China Sea to the South Pacific in the other”.

2.2 China-Pak Economic Corridor
China – Pakistan economic corridor (CPEC) is well known project around the world. In 2013 China’s President, Xi Jinping, proposed the idea of establishing economic corridors, linking China with Centre Asia, West Asia and some regions of South Asia called the “One Belt One Road (OBOR)” initiative (Global infrastructure initiative,16). CPEC is the part of OBOR, that is initiated by the investment of $51B (Dawn,16). Apart from the political gains, CPEC strategies will help the China to find new markets and opportunities across the world (Economist, 17). Pakistan is the victim of energy crisis, due to these crisis power experts report “according to safe estimate there is the loss of $100B to Pakistan economy (Dawn, 17). Pakistan on average facing the GDP loss of 2 to 2.5%. It is estimated that CPEC projects will help the
Pakistan economy to boost and to fight against this GDP loss (Economist, 17). The main hurdles that Pakistan economy is facing, includes continuous industrial loss due to poor foreign direct investment (FDI), poor infrastructure, energy crisis and war on terror (Dawn, 16). According to vision 2025, Pakistan aims to produce the 42000MW and to provide uninterrupted and affordable energy (Vision, 2025). One of the key objectives of CPEC is to provide the best infrastructure as well as to take Pakistan out of this monster of energy crisis.

2.3 Power Crisis in Pakistan
Around, 140 M people in Pakistan do not have energy access and they suffer from 12 hours of load shading (Dawn, 16). Poor governance, opposition to different electric projects and water reserves lead to the huge gap in the demand and supply of energy in Pakistan (Nation, 16). If we want to check the prosperity of any country then “Human Development Index” (HDI) is very important in the same as “Gross National Investment” (GNI) is an integral variable in calculation of HDI (United Nations Development Program, 17). As we all know that per capita consumption of energy is an important as it is a measure of socioeconomic progress of country (International Energy Agency IEA, 16). A rough data shows that there are 12000 villages in Pakistan, among them 95000 villages are electrified and some 30000 villages are to be electrified (Nation, 2016). By reading this, question come in my mind that on average 14 crore people in Pakistan does not have the facility of fan, bulb and proper water. Remember, this all happening in 21st century. This is the reason, in vision 2025 Pakistan aims to give access of electricity to 65%-90% (Vision, 2025). This dream looks like fantasy but could be fulfilled by the CPEC projects that will accomplish in 2030.

2.4 Sources Of Energy In Pakistan
Before describing and telling details about the sources of energy in Pakistan, it is needed that world energy should be describe. According to physics, energy is defined as: energy, in physics, the capacity for doing work. It may exist in potential, kinetic, thermal, electrical, chemical, nuclear, or one body to another (Editors of Encyclopedia of Britain, 2017). After describing the energy definition now there is the list of energy sources in Pakistan.

![Sources of Energy in Pakistan](image-url)
2.5 Thermal Sources of Energy

2.5.1 Coal
Coal contributes 0.2% in meeting the energy resources of Pakistan. Some of it is used in just as the heat process while other are used as the domestic purposes however this is not environment friendly. Pakistan with the help of China under the project of CPEC is keen to solve the problem by the help of coal however the environmental experts had shown their serious concerns by using the coal in Sahiwal power plant (Dawn, 17).

2.5.2 Petroleum, Natural Gas and Oil
After looking the immense business opportunities in the petroleum sector in Pakistan, foreigners are looking towards this sector and there is the investment of $10B in this sector (Dawn, 17). Natural gas also plays its role in the power generation of any country, although we are enrich with the natural gas resources in Baluchistan, but due to ill planning and poor administration we are ruining this volume of gas is sufficiently to run 2.4 MW of power (Dawn, 17). Oil plays its role in the power generation of any country although it’s an expensive source of generation yet due to poor condition of power in Pakistan we are using oil as source of power generation. Keeping in view all this government of Pakistan in collaboration with Parco will generate 6,600MW in Gadani, Baluchistan (Dawn, 16).

Figure 3.
2.5.3 Nuclear Sources

It is without hyperbole and a head of doubt that Pakistan has more safe nuclear resources and they are safer than any country has. October 1998, was the time when team under the supervision of Dr. Abdul Qadeer, done experiments of atomic blast and Pakistan emerged as 7th nuclear power of the world and first nuclear Islamic world. Pakistan’s nuclear resources are not for creating imbalances in the region but they are for our own safety. Due to poor energy conditions now its time to utilize the nuclear resources. In this regard China is helping Pakistan to use their nuclear resources in this regard K-2 and K-3 are being built by China Nuclear Corporation (CNC) it will be build on the design of China, nuclear power plant. Its early cost was nearly $10B and we will be able to generate 1100MW of electricity (Dawn, 17). According to Ministry of foreign affairs, Pakistan the international atomic agency Pakistan took the responsibility to safe guard the nuclear plants, K-2 and K-3 (Dawn, 17).

Figure 4.

2.5.4 Hydal Sources Of Energy

This source of energy generation is the cheapest source of energy in Pakistan. Pakistan went through the contract of Sindh Taas agreement. Pakistan is now looking for the hydel projects and they are very keen to solve the energy problems. Land of Khyber Pakhtun Khaw is enriching with little dams however due to lack of funding these dams are not completed and Pakistan is not able to fulfill their needs of energy through hydel (Dawn, 16).

2.5.5 Coal and its affect On Environment

According to the environmental experts coal is very damaging to the health and also to the environment. As we all know that coal fired power plants includes sulfur dioxide, nitric acid that leads to smog, acid rain and other toxic products (Environment aspects of coal).

2.5.6 Coal Reserves in Pakistan

Federal Ministry of Planning and Development says that the coal which has found in the “Thar” will last for the 400 years for Pakistan. For this purpose two transmission lines are to be placed there out of these two one will be till Lahore and other till Faisalabad which both these lines will connect to National Grid (Dawn, 17).
2.5.7 Coal Power Plants affect on Pakistan
During the answer session in the senate committee on “environmental issues” minister for Climate change said that these power plants will increase greenhouse gases, and will lead to the other environmental issues. Moreover, he also provide the details of the under construction coal power plants.
- 40MW Maple leave in Mianwali.
- 330MW Tharparker.
- 350 MW Siddique sons Karachi.
- 720 MW K-Electric Coal power plants.
- 120MW sugar cane Muzaffargarh power plant
These all were reported by Dawn in 2016.

3. Conclusion
As the people of south Punjab are not well informed about different aspects of policies and we also know that the information about CPEC is in different pockets. What I was able to gain the knowledge was through the previous research articles and through the leading newspapers. I was able to get the knowledge about CPEC projects on environment. Media reports and official personal data showed that there is the environment aspects however there is further need of improvement and future researchers are encouraged to test this with the help of empirical investigation.

Reference


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ABSTRACT

Purpose:Hajj is the fifth pillar of Islam. Every year, during the hajj season, millions of pilgrims came from different countries and gathered in Mecca to perform hajj. The huge numbers of pilgrims have made the management of pilgrims became too complex. The management itself is also not reasonable if it not based on the Islamic philosophical basis. In other words, the most suitable management practice in managing pilgrims in Mecca is the management from the Islamic philosophical perspectives. Therefore, this paper aims to identify and to analyze the philosophy of hajj pilgrim management from Islamic perspectives. This paper employed document research method and was analyzed with content analysis method. The result found that the philosophy of hajj pilgrim management from Islamic perspective can be identified based on four elements. The first element is epistemological aspect by referring to Qur’an and hadith as the authoritative source of knowledge. Secondly, ontological aspect which assert monotheism (tawhid) as the management mound. Thirdly, axiological aspect with the application of values in management such as excellence (ihsan), trust (amanah), and justice (‘adl). Fourthly, teleological aspect which emphasizes the pleasure of Allah (mardati’Llah) as the ultimate goal of hajj pilgrim management. In conclusion, to emphasize on these four elements of Islamic philosophy in hajj pilgrim management in Mecca is important to ensure the management activities that carried out will always gain the pleasure of Allah SWT.

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1. Introduction
The early history of hajj during the time of Prophet Muhammad SAW only involved hundred thousand of people. The numbers however have changed and increases up to millions of people nowadays (Al-
Hashedi, Muhammad Rafie Mohd Arshad, Hasimah Mohamed & Ahmad Suhaime Baharudin, 2013). To shows the increase in numbers of pilgrims, Figure 1 is showing the total statistics of pilgrims in Mecca for the year 2010 until 2014.

Local pilgrims in Figure 1 refer to pilgrims from Saudi Arabia, while foreign pilgrims refer to pilgrims from countries other than Saudi Arabia. The data was taken from hajj statistics in year 2014 by the government of Saudi Arabia. Based on Figure 1, it can be seen the increasing number of Muslims who went on hajj pilgrim in 2011 and 2012 until it reaches to more than 3 million people. However, in 2013 depreciation has made the numbers shrunk to nearly 2 million people. However, a slight increase occurs in 2014. This situation is due to the work of enlarging and altering Masjid al-Haram in Mecca that forced the government of Saudi Arabia to lower the quota for pilgrims. This case was declared by the Governor of Mecca, Prince Khaled al-Faisal. According to him, the quota for Haj pilgrims must be cut to 20 percent for the foreign pilgrims and 50 percent for the Saudi Arabian pilgrims. However, the quota of hajj pilgrims will return to normal as well as the Masjid al-Haram renovation process is complete (Berita Harian Online, 2013).

In such a situation, Mohammed Mohandes (2010), Alnizari (2011), al-Hashedi et al (2013) and Razieh Haghighati (2016) thought that situation will be a challenge to the Saudi government and any hajj pilgrim management organization involved to manage Hajj. Therefore, the Saudi government and organizations involved in hajj management requires an appropriate management concept to manage the pilgrims in Mecca that is always increasing. The question is what is the most appropriate concept of hajj pilgrim management? Given the pilgrims is related to Islam and Muslims, the management methods should be based on Islamic management. This is consistent with the view of Yusuf al-Qaradawi (1996), Muhammad Syukri Salleh (2003 & 2009), and Abdus Sattar Abbasi, Khasif Ur Rehman and Amna Bibi (2010).

According to Yusuf al-Qaradawi (1996), all Muslims activities shall be done only for sake of Allah SWT. At the same time, the ways for carrying out their activity shall also coincide with sharia rules that have been established by Allah SWT. As for Muhammad Syukri Salleh (2003 & 2009), anything that has relation to Islam would not be reasonable if it is managed in a way that is not Islamic. On the contrary, when is not Islamic. In other words, both the management concept and the things that to be manage shall be based on Islamic way. Abdus Sattar Abbasi, Khasif Ur Rehman and Amna Bibi (2010) took the view that all Muslims must practice the management practice brought by Prophet Muhammad SAW which is the management that based on Qur’an and hadith.

Based on that, this paper discusses the philosophy of hajj pilgrim management from the Islamic perspective with four important aspects. First, epistemology; second, ontology; third, axiology; and
fourth, teleology. Hence, this paper discusses it in the following four sub-topics.

2. The Islamic Epistemological Perspective of Hajj Pilgrim Management

Literally, the meaning of epistemology is the theory of knowledge and justification (Audi, 2003:1). From the point of terminology, it is a branch of philosophy that discusses the nature of knowledge, the justification of knowledge gained and its limitations, interpretation of knowledge and how to acquire knowledge (Ahmad Sunawari Long, 2008:127). From the context of epistemology, the Hajj is one of the pillars of Islam which is based from the most important source of knowledge in Islam, namely the Qur’an. It is prescribed since the time of Prophet Abraham AS and Prophet Ishmael AS (Muhammad Salleh Awang, 1986:35; Haron Din, Ishak Din & Abu Hassan Din, 2007:80-81). The prescribed is based on the verse of the Qur’an, which mean:

“And proclaim the pilgrims among men, they will come to thee on foot and (mounted) on every kind of camel, lean on account of journeys through deep and distant mountain highways.”

(Chapter al-Hajj, 22:27).

After the death of the Prophet Abraham AS and Prophet Ishmael AS, the hajj was mixed with polytheism and idolatry by the parties who were ignorant. To eliminate these acts, Allah SWT sent the Prophet Muhammad SAW to renew and resume the teachings brought by both prophets (Haron Din, Ishak Din & Abu Hassan Din, 2007:80-81). Based on that situation, Allah SWT has made hajj as an obligation to Prophet Muhammad SAW and all Muslims who can afford it. In the second most important source of knowledge in Islam, which is the hadith of Prophet Muhammad SAW explains this. The Prophet said, which means:

“‘Islam is built on five pillars (which are) to testify that there is no god but Allah and that Muhammad is His slave and His messenger, pray, pay zakat, pilgrims to Baytu’Llah, and fasting in Ramadan.’” (Narrated by al-Bukhari, hadith no. 8).

The Muslim scholars have agreed that the pilgrims were first made compulsory in Islamic law in the sixth year of Hijrah (Muhammad Salleh Awang, 1986:35). The obligation of it is also based on the word of Allah SWT says:

“In it are signs manifest (for example), the station of Abraham, whoever enters it attains security. Pilgrims thereto is a duty men owe to Allah – those who can afford the journey. But if any deny faith, Allah stands not in need of any of His creatures.” (Chapter Ali ‘Imran, 3:97).

To carry out the commands of Allah SWT, Prophet Muhammad SAW together with 1,500 companions went to Mecca for performing hajj. However, their goal was not achieved because they were stopped by the Quraysh and almost led to a fight. A negotiation has been made between the Prophet Muhammad SAW and the Quraysh which creates a common agreement known as the Treaty of Hudaibiyah (Muhammad Salleh Awang, 1986:35 & M. Salih Putuhena, 2007:31).

After three years, which is in the ninth year of Hijra, only the hajj can be done by the Muslims. In that year, the Prophet Muhammad SAW had ordered his senior companion, Abu Bakr RA to go to Mecca for the pilgrims along with 300 Muslims. In the following year, the Prophet Muhammad SAW along with almost 100,000 Muslims going to Mecca for performing the hajj (Mohammad Salleh Awang, 1986:36-41). Based on these historical facts, the importance of the hajj pilgrim management had already started by the Prophet Muhammad SAW and continued by his companions. In fact, based on the arguments on hajj pilgrims in the revelation of Islam has explain the importance of Islamic management for the pilgrims.

3. The Islamic Ontological Perspective of Hajj Pilgrim Management

Ontology revolved around the question of the scope of knowledge, whether limited to the physical world (‘alam al-shahadah) or includes metaphysical (‘alam al-ghayb) (Abdul Rahman Abdullah, 2005:19). Mukhtar Latif (2014:187) detailing the seven features of ontology. First, being (wujud); second, reality (haqiqah); third, existence (wujud); fourth, essence (mahiyah); fifth, substance (jawhar); sixth, change (harakah); and seventh, the one (wahdah) and the many (kathrah).

From the fourth aspect, the essence of hajj pilgrim management is based on the monotheistic view or
tawhid. The hajj pilgrim management would not exist without faith, because it is a recognition that Allah SWT is the Lord of the worlds and Almighty over all creatures on this earth (Khurshid Ahmad, 1980; al-Faruqi, 2000). Tawhid also refers to the concept of oneness in the ontology which Allah SWT as the only God worthy of worship (Osman Bakar, 1991; Syed Muhammad Naquib al-Attas, 2005; Muhammad Abdullah & Muhammad Junaid Nadvı, 2011).

Muhammad Rasid Mohd Yadman Sarwan and S. Salahudin Suyurno (2008:32) details the meaning of tawhid as an acknowledgment, appreciation, and recognition that Allah SWT exists and the need for people to be submissive and obedient to Him. The case has been recognized since the time of Prophet Adam AS until the time of Prophet Muhammad SAW in relation with the recognition of the existence of Allah SWT and man must be submissive and obedient to Him.

According to Syed Omar Syed Agil (1997), tawhid is related to eight items. First, there is a God in heaven and on earth that is referring to Allah SWT. Second, Allah SWT is the Creator of the heavens and the earth and all that is between them. Third, Allah SWT is the owner of everything that exists on this earth. Fourth, Allah SWT is the giver of sustenance to every living thing. Fifth, Allah SWT is the administrator of each case. Sixth, the oneness of Allah SWT through the acts of worship. Seventh, obey and submit completely to Allah SWT and not worshipping others except Him, and eighth carry out the commands of Allah SWT in all aspects of life.

Based on the meaning of tawhid, it can be concluded that the understanding on the concept of tawhid among hajj pilgrim management officers is very important. There are at least eight implications when the concept of tawhid is internalized by any management system including in the hajj pilgrim management. First, it can produce Muslim’s in an organization who are open minded, trustworthy, efficient and disciplined. Second, it can produce individuals who have self-esteem and self-confidence. Third, it can produce individuals who are humble and humility. Fourth, it will produce pious individual, brave and stand up to the truth. Fifth, produce individuals that will not give up easily when faced with any problems or failure. Sixth, build individuals who have patience, determination and passion. Seventh, to produce individuals with a good attitude, subsided and have no feeling for envy, greed and envy. Eighth, it can produce individuals who can comply with the rules and laws that have been stated by Allah SWT (Wan Liz Ozman Wan Omar, 1996).

4. The Islamic Axiological Perspective of Hajj Pilgrim Management

The term axiology comes from the Greek “axios” which mean values or ethics, and “logos” that brought the meaning of theory (Runes, 1976; Hart, 1971:29). Thus, literally, axiology means theory of values (Abdul Rahman Abdullah, 2010:106). In general, axiology is a description of the character and morals which includes several important features, namely the good and bad behaviour, right and wrong, matter related to means and ends, and things ought to be (Idzam Fautanu, 2012:202). Thus, values become the base that shape attitudes, perceptions, internal power, individuality, progress and development of a community or an organization (Mustafa Daud, 1994:127). There are three values that are identified should be included in the axiology of hajj pilgrim management. First, excellence (ihsan); second, trust (amanah); and thirdly, justice (‘adl).

4.1 Excellence (Ihsan)

The management of pilgrims also need to be done with the utmost faith. The value of excellence in faith or ihsan has features like doing things properly, show good behaviour, like to do good things, and has the sincerity, kindness, compassion and sympathy towards humans and other creatures (al-Mawdu, 1965:562; Mohamed Branine & Pollard, 2010). Ihsan from one side mean that God sees all human deeds whether it was done openly or confidentially (Mustafa Daud, 1994:148). Thus, a hajj officer must believe that any behaviour and management act is seen by Allah SWT. From another aspect, ihsan mean compassion, kind, and considerate in managing something. Allah SWT has promised paradise to His servants who have this quality. This coincided with the word of God, which mean:
“To those who do right is a goodly (reward). Yea, more (than in measure)! No darkness nor shame shall cover their faces! They are companions of the garden; they will abide therein (for aye)!" (Chapter Yunus, 10:26).

The value of ihsan in the Qur’an also explained by the Prophet Muhammad SAW in the hadith. Among them, the hadith of Prophet Muhammad SAW with Archangel Gabriel AS when he was asked by the Archangel Gabriel AS, which mean:

“Then he (Archangel Gabriel) asked: ‘O Messenger of Allah, what is ihsan?’ Prophet Muhammad said: ‘(Ihsan) is that you worship Allah as if you see Him. If you cannot see Him, definitely He (Allah) will see you’.” (Narrated by al-Bukhari, hadith no. 48).

Thus, ihsan is when the soul and intellect realize that Allah SWT is seeing, listening, evaluating, administering, and managing the human. Ihsan can be divided into two main scopes which are ihsan in worship and ihsan in daily transactions (mu’amalah). Ihsan in worship is when human worshipping Allah SWT with humility and sincerity as it seemed like he was dealing with Allah SWT. Ihsan in mu’amalah, also has two meanings. First, ihsan is a benefit to which the care of particular interest that should be owned by certain parties and enhance the quality of the work. This understanding is reflected in the Muslim family affairs and community (Azman Che Omar, 2001:62; Hassan Ahmad, 2008:209; Mohamad Zamri Mohamed Shapik, 2014).

For the second meaning, ihsan is viewed in the context of work and the management of the institution. Ihsan means to enhance the quality of work, a thorough knowledge and skills and developed strong skills and fully develop (Mohamad Zamri Mohamed Shapik, 2014). Nubli Mohammed Abdul Wahab (2008:24) specifically explain the meaning of ihsan is to provide more than the required tasks, works better than the assigned work, more time from the required time and provide the best service with sincerity without expecting anything in return. Finally, the hajj officer will be a person who can fulfil his responsibilities as an officer and at the same time, earn rewards as a result of the worship of Allah SWT.

Based on that statement, the practice of the concept of ihsan will produce officers who have attributes preferred by Allah SWT such as earnest, honest, punctual, and so on, because they know that they are working for Allah SWT. They feel that everything that is done is a worship, then his deeds will be monitored by Allah SWT even he cannot see Allah SWT. This means, ihsan is not only in religious aspect even in aspects of lives as Qur’an mentioned, which mean:

“(That is) those who remember Allah while standing, sitting and lying down, and reflect on the creation of the heavens and the earth, (saying): ‘Our Lord! Surely, you have not created all these in vain. Glory be to You! Save us from the chastisement of the hellfire’.” (Chapter Ali ‘Imran, 3:191).

The value of ihsan in everyday life can be translated in the management of the pilgrims. Mohamad Zamri Mohamed Shapik (2014) states that there are four main components that must be emphasized that are knowledge, understanding and awareness, implementation, and appreciation. Through the appreciation of that, it can provide three benefits to the management of the pilgrims. First, avoiding the occurrence of irregularities in the performance of task. Second, senior managers became more responsible when assigning assignments to the hajj officers (Azman Che Omar, 2001). Third, it makes the management team to always displaying good character, behaviour and speech that are pleasing the heart of the pilgrims. Thus, tolerance and forgiveness become the working culture that closer the ties between the management people and the pilgrims (Nor ‘Azzah Kamri, 2006).

4.2 Trust (Amanah)

Trust is something that must be preserved as it should and deliver something to those who deserve it. When someone fails to carry out the trust, he was treacherous because the objective of the trust is to achieve justice. The absolute justice is only for Allah SWT. However, the human also has the obligation to seek for trust. Trust cause peace and prosperity to the people (Haron Din, 2015:72; Rusli Ahmad,
Islam considers the job and position given to a person in an organization is a responsibility (Ahmad Ibrahim Abu Sin, 1991:100). Occupation or position provided it is not a form of luxury or privilege for themselves. Rather it is a trust that would be questioned in the Hereafter. It is in line with the word of Allah SWR, which mean:

"O ye that believe! Betray not the trust of Allah and the Messenger, nor misappropriate knowingly things entrusted to you." (Chapter al-Anfal, 8:27).

"Come not nigh to the orphan’s property except to improve it, until he attains the age of full strength; and fulfil (every) engagement, for (every) engagement will be enquired into (on the Day of Reckoning).” (Chapter al-Isra’, 17:34).

The verses of the Qur’an clearly showed that Allah SWT commanded His servants to keep the trust given because the trust will be questioned in the Hereafter. Therefore, YaPEIM Management Academy (2005) pointed out that the trust given must be treated with responsibility. With a sense of responsibility, it is directly expressed admirable qualities such as sincerity and honesty (Azman Che Omar, 2001:56).

The value of trust that is applied in the management of pilgrims can educate and strengthen the faith and nurture the human spirit to always be obedient and submissive to Allah SWT in all things, situations or work performed (Ahmad Ibrahim Abu Sin, 1991:316). A person who is given a trust in the organization of hajj pilgrim management should always take a good care of the trust and never use that trust to commit a crime and fraud for personal gain. There are several advantages obtained if the management team maintaining the trust.

Among it, it can create a positive attitude among the management. Assignments can be implemented without the need to be frequently ordered as well it will produce the management team who are faithful and committed to manage the pilgrims (Muhammad Rasid Mohd Yadman Sarwan & S. Salahudin Suyurumo, 2008:53). In addition, through the trust, it also can educate the faith and to preserve the soul of the management people to always fear of Allah SWT in whatever situation and tasks performed (Ahmad Ibrahim Abu Sin, 1991:105-106).

4.3 Justice (‘Adl)

In terms of language, just means putting things in its place. Justice also refers to the balance and giving the right to the right people (Syed Othman Alhabshi, 1998:214). From the term perspective, fair means putting something in its place based on the faith, sharia and morals derived from the Qur’an and hadith (Mustafa Daud, 1994:148). Allah SWT emphasized the duty to administer justice in everything and in any situation. Justice does not mean equality. For example, the result of gender differences between men and women, so naturally there is a suitable job for a party and not suitable for the other. Hence, justice is always linked with equality. Justice in Islam is measured by the Qur’an and hadith and not interpreted according to human desires. The value of justice also led to an attitude that does not punish anyone for bias, not to abuse power, work with thoughtful, considerate towards one and will not give harm to others (Nor ‘Azzah Kamri, 2007:209). It is based on the Qur’an verse, which mean:

“O ye who believe! stand out firmly for Allah, as witnesses to fair dealing, and let not the hatred of others to you make you swerve to wrong and depart from justice. Be just, that is next to piety, and fear Allah. For Allah is well-acquainted with all that ye do.” (Chapter al-Ma’idah, 5:8).

In accordance with the word of Allah SWT, the hajj pilgrim management must always be in justice. Personal dissatisfaction with any pilgrims cannot be used as a reason not to be just. Muhammad Rasid Mohd Yadman Sarwan and S. Salahudin Suyurno (2008) suggest four steps that demanded the hajj pilgrim management officers to be justice. First, in recruiting the officers shall elect officers that are really qualified and capable. Second, in delegating the task should take into account the talent, potential and strength of an officer. Third, in assessing officer should be done fairly and without injustice to any party. Fourth, in giving punishment to the officers it cannot be done selectively or by one position.
With the values of justice among the people in the management of the pilgrims, it will bring some positive effect. They are compatible with human nature that likes to be treated fairly. Hence, it can reduce discontent among management people and pilgrims. In addition, it can increase productivity in the hajj pilgrim management. In addition, it also can create a positive working culture towards progress and excellence in the management of hajj pilgrims (Muhammad Rasid Mohd Yadman Sarwan & S. Salahudin Suyurno, 2008).

4. The Islamic Teleological Perspective of Hajj Pilgrim Management

Teleology derived from the combination of two Greek words “telos” which means the end, and “logos” which means the study or theory (Ghazali Basri, 2012:25). From the terminology, teleology means the study of the end goal or also known as the theory of the end of world (al-Faruqi, 2000:13 & 69). In this paper, teleology is discussed from the point of the ultimate goal as for every management, it has a goal to be achieved. Conventional management for example makes a profit, increase in revenue and productivity as a goal (Wan Liz Ozman Wan Omar, 1996; Fadzila Azni Ahmad, 2013:79).

The goal of this conventional management differs with the goal of Islamic management. According Azrin Ibrahim (2015), there are two views on Islamic management goals. First, al-falah, namely to achieve success and happiness in this world and the hereafter. Second, mardati’Llah that is getting the pleasure of Allah SWT. However, Azrin Ibrahim (2015) have concluded that the true goal of Islamic management is gaining the pleasure of Allah SWT based on the views by Muhammad Syukri Salleh (2003). According to Muhammad Shukri Salleh (2003), success and happiness in this world and hereafter will not be achieved if Allah SWT is not pleased. On the other hand, if Allah SWT is pleased, the success and happiness in this world and the hereafter can be achieved.

To gain the pleasure of Allah SWT does not exist in conventional management. The focus of conventional management is hovering in the planning, organizing, leadership, and control in order to achieve maximum profitability and produce high quality products (Ab Aziz Yusof, 2015:273). Therefore, based from the Islamic management, the ultimate goal in hajj pilgrim management is to gain the pleasure of Allah SWT. To obtain the pleasure of Allah SWT be used as the ultimate goal is because it directly gives satisfaction or success in this world and happiness in the hereafter (Muhammad Syukri Salleh, 2003:81; Fadzila Azni Ahmad, 2013:87; Hasan al-Banna Mohamed, Ab. Mumin Ab. Ghani & Siti Arni Basir, 2013).

In fact, it may also give space and opportunity for all members of the organization to continue to intensify their efforts to increase the commitment to continuously improving and progressing in the management (Ab Aziz Yusof, 2015:275). This commitment can be used synonymously and are aligned with the concept of “those who sacrifice themselves” (man yashri nafsahu) in the following verse:

“And there is the type of man who gives his life to earn the pleasure of Allah. And Allah is full of kindness to (His) devotees.” (Chapter al-Baqarah, 2:207)

Moreover, according to Fadzila Azni Ahmad (2013:91-92), the goal for the pleasure of Allah SWT can improve the spiritual aspect of the Hajj officers in the organization and management of pilgrims. This occurs through an increase in faith and a sense of servitude, the practice of sharia and morality. Not only that, if the management’s activities in managing the pilgrims does not gain any profit in the form of money, however, hajj officers who expect the pleasure of Allah SWT still earn rewards in the form of rewards that leads to advantages in the hereafter. Finally, it can be concluded that the ultimate goal for the management of the pilgrims is to obtain the pleasure of Allah SWT. With the pleasure of Allah SWT, it will bring a positive impact on all the members of the organization in managing the pilgrims from physical and spiritual aspects.

5. Conclusion

The management of pilgrims should emphasize on philosophy as a basis of a management. This paper has discussed four aspects of the hajj pilgrim management philosophy which are from the aspect of
epistemology, ontology, axiology and teleology. From the aspect of epistemology, philosophy can be understood that the prescribed of pilgrims derived from Qur’an and hadith as well the consensus of scholars. It also shows that the best pilgrims management should be based on the authoritative sources in Islam, not merely just by the conventional management philosophy that is used nowadays. From the ontological aspect, the management of pilgrims should have laid tawhid as the foundation of management. The hajj is the fourth pillar of Islam, means the hajj officers who take care of pilgrims needs to understand what underpin the Islamic management that is Oneness of Allah SWT and doing purely because of it. This has implications for other aspects of hajj pilgrim management philosophy which is axiology or value theory. This paper identified three important values that need to be internalized as part of the management that are ihsan, trust and justice. These values can indirectly establish mechanisms for sustainable hajj pilgrim management with the integration between spiritual and physical aspect. This will fulfil another aspect of the hajj pilgrim management philosophy which is teleology or theories about the ultimate goal. In the hajj pilgrim management, the ultimate goal to be underline in it philosophy is the pleasure of Allah or mardati’Llah. This objective implies that hajj officers who manage the pilgrims always do their task with full commitment to ensure their intent in managing is reserved.

References


Non-Monetary Incentives to Improve Job Performance at Property Company in Penang Malaysia

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ABSTRACT

Purpose: The purpose of this study is to examine the relationship of non-monetary incentives such as flexible working schedules, recognition and career development on job performance.

Design/Methodology/Approach: The respondents of the study were among employees who work with property company in Penang. In this study, the quantitative method was implemented. In assessing the relationship between the variables, a total of 91 questionnaires were analyzed using descriptive and inferential data analysis technique. The method of analysis used in this study includes reliability test, Pearson correlation and multiple regression.

Findings: The findings of this research reveal that flexible working schedules, recognition and career development has significant relationship on employees’ job performance.

Implications/Originality/Value: The findings of the study can be applied by the management of property company in their effort to enhance job performance of their employees by considering the determinant factors involved in this study, particularly in enhancing the non-monetary incentives. Moreover, this study may help in improving employees’ job performance and thereby gaining higher rewards and benefits to them. Consequently, the research provides guidance how non-monetary incentives works or give positive result in such a way it gives employees and organization enough satisfaction.

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1. Introduction

Employee performance is a fundamental component which helps in organizational development and sustainability, specifically those who are affected by the reward system employed in an organization (Ngulube, 2003). The world business environment has experienced a huge transformation for the last few decades. In terms of communications, competition and economics, people can see that the world has
become smaller thus affect the way successful organizations do business and they manage their employees. This change or transformation has affected the private sector altogether and is affecting the public organizations too, both in direct and indirect ways. More global organizations are becoming more approachable to their customers, decreasing costs, and improving quality (Erbasi, 2012).

In the organization, the role of monetary and non-monetary reward system is to motivate the employees to invest their effort and skills as maximum as possible of their potential to contribute to achieve the organizational goals. Employees are able to apply their creativity and innovation ability when the reward system is implemented in the organization. Employees are also able to take on greater responsibility and demonstrate commitment with their tasks execution, bringing about higher achievement and improved working performance with the reward system implemented in the organization. When the combination of both monetary and non-monetary forms of stimulation is accomplished through full engagement of employees the result will indicate a higher degree of output and quality through increased efficiency, productivity, and effectiveness.

This study focuses on the important of non-monetary incentives to employees on job performance among employees at one Property Company in Penang. It is highlighted that the need for recognition, self-respect, growth, meaningful work, social activities is important as monetary incentives in increasing the employees’ job performance. There are many contemporary research studies supporting the effectiveness of non-monetary incentives as a motivating tool in improving job performance the private sector organizations. However, there is insufficient study regarding its use in property industry. Consequently, this study attempts to highlight on the issue and explore the effect of non-monetary incentives to job performance in Malaysia Company.

The aim of this study was to identify factors that influence the job performance in the organization since there are several factors related to job performance in the organizations. The dependent variable is job performance and the independent variables are flexible working schedule, recognition and career development. The purpose of this research is to examine the relationship between all independent variables (IV) and dependent (DV). The specific objectives are:

1. To determine the relationship between flexible working schedules and job performance
2. To identify the relationship between recognition and job performance
3. To examine the relationship between career development and job performance

2. Literature Review
Incentives have been seen to be an important mechanism in employee job performance in the organization. Employees whom received a reward from the organization feel that he or she is being appreciated by the employer for their job performance. Employees are encouraged to work extra hard since their performance is being seriously considered by the employers. Their career development and self-development are also taken into consideration and taken care by the organization.

The term “incentives” and “rewards” are used widely in organizations and it configures the same meaning among these two terms. Incentives can be defined as any medium that boosts employees or team of employees to accomplish better results beyond expectations. Incentives can be divided into two main categories which are monetary and non-monetary incentives. In monetary incentives, it includes direct payment of cash meanwhile non-monetary can be in the form of employee promotion to a higher position, flexible working hours, autonomy and getting involve in decision making. Organizations that have a balanced incentive program will likely motivate employees and as a result lead to improved performance (Petrescu & Simon, 2008).

2.1 Flexible Working Schedule
According to Burns and McKinnon (1993), flexible working schedules have a positive impact on employee performance. First, they lead to improved morale. Employees that were given flexible working
arrangements feel that they have a better work-life balance than those who are bound to an office Monday through Friday from 8 am to 5 pm with just one-hour lunch break. When employees feel good about their jobs, they create a good working environment for others and thus increase the employee’s morale. Furthermore, a flexible working schedule can make employees feel excited to go to work and in a good spirit. Moreover, a flexible working schedule helps employees in terms of their health condition. This is because creating high-quality self-confidence helps to maintain stress at a manageable level. As a result, employees become blissful and healthier. On the other hand, employees who work at companies where morale is considered a problem sometimes have difficulties in health like depression and substance-abuse issues (Ballentine, McKenzie, Wipocki & Kepner, 2007).

2.2 Recognition
Recognition is considered as a powerful motivator that establishes a positive work culture (Reddy, 2000). Recognition is important as it serves to encourage workers to be confident and to believe in themselves in order to deliver quality products and services, and to generate loyalty to the organization. Some scholars state that the use of non-monetary rewards is often ignored by organizations. Non-monetary rewards tend to have a longer-lasting effect and can be used more frequently than monetary rewards. These types of rewards can be given at anytime and anywhere on-the-spot when an employee is doing a good job, which reinforces good performance, recognition to the employee when peers are present, and encourages everyone to strive for excellent.

These types of rewards are internal since they cater the internal needs of employees such as self-esteem, recognition and accomplishment. So, whether or not an employee’s internal needs are being met significantly give impacts to individual job satisfaction and motivation (Burns & McKinnon, 1993). There are other ways of rewarding that focuses on the appreciation towards the employees, which includes the praise that employees get from management, opportunity to run important tasks or projects, and even the leadership consideration (Dewhurst, Guthridge & Mohr, 2010). Recognition can be separated into monetary and non-monetary incentives such as crediting, encouraging and appreciating individuals and groups who give full effort to the success of the organization. In addition, recognition also give a feeling of valued as part of the team in the organization.

2.3 Career Development
Career revolves around three basic themes that include advancement in career position, source of stability within single occupational field and evolving sequence of a person’s work experience. Career development is the series of activities or the on-going or lifelong process in developing an individual’s career. In addition, managing one’s career in an intra-organizational or inter-organizational scenario usually refers to career development. Frequently, career development involves training new skills, moving to higher job responsibilities, career change within the same organization, moving to a different organization or starting their own business. According to Holbeche (1999), career development has always remained as a significant concern for employees in organizations whenever they have time to manage it properly.

According to Dewhurst, Guthridge & Mohr (2010), it was claimed there are other methods that can offer rewards to employees, particularly employees whose focus is not only on compensations that are money-valued oriented. For example, one of the most crucial is opportunities for participating in organization projects, leadership attentions and trainings as well as receiving guidance about career.

Moreover, career development as a non-monetary reward is applied to employee’s job performance and it also useful in improving their morale towards day-to-day job responsibilities in the organizations. It is also as a way of rewarding them for good work and being considered essential in rewarding high achievements within an organization for employees and caring for customer’s needs, which both are not dependent on achieving a target that is already pre-determined in the organizational goals (Rose, 1998).
Also, career development as a form of incentive applied in organizations has mostly been considered as an effective method of employee compensation which in result attracts and leads to workforce maintenance.

3. Methodology
Based on the sample frame by Krejcie and Morgan (1970) from the total population of 110, a total of 86 respondents were the sample size selected to complete the survey. The researchers distributed 100 sets of questionnaires to the property company, and 91 sets responded. Likert Scales was employed in these sections, with the purpose of evaluating the respondent’s perspectives on each given statements. It ranged from strongly disagree (1), disagree (2), neither agree nor disagree (3), agree (4), strongly agree (5). This study used statistical analysis techniques with the assistance from the Statistical Package for Social Sciences (SPSS) version 23 software to analyze the data.

4. Findings and Discussions
Result of the analysis shows that all independent variables have a significant positive correlation with the dependent variable (p < 0.01). Moreover, all independent variables are observed to have strong relationship with job performance as the r values are above 0.50. Individually, there is a significant relationship between flexible working schedules and job performance (r = 0.659, p < 0.01). The correlation value also indicates positive relationships between flexible working schedules and job performance. Similarly, there is a significant relationship between recognition (r = 0.633, p < 0.01). It also indicates positive relationship between recognition and job performance. In addition, career development also shows a positive significant relationship with job performance (r = 0.542, p < 0.01).

<table>
<thead>
<tr>
<th>Table 1.0</th>
<th>Pearson Correlation Coefficient</th>
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<tbody>
<tr>
<td>Variables</td>
<td>1</td>
</tr>
<tr>
<td>1. Job performance</td>
<td>Pearson Correlation</td>
</tr>
<tr>
<td>Sig.</td>
<td></td>
</tr>
<tr>
<td>2. Flexible WorkingSchedules</td>
<td>Pearson Correlation</td>
</tr>
<tr>
<td>Sig.</td>
<td>.000</td>
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<tr>
<td>3. Recognition</td>
<td>Pearson Correlation</td>
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<tr>
<td>Sig.</td>
<td>.000</td>
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<tr>
<td>4. Career Development</td>
<td>Pearson Correlation</td>
</tr>
<tr>
<td>Sig.</td>
<td>.000</td>
</tr>
</tbody>
</table>

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

Multiple regression analysis is the analysis that used to test and interpreted the effect of one or more independent variables on a dependent variable. Regression allows researchers to understand how much of the variance in the dependent variable is interpreted by a set of independent variables. The three determinants (flexible working schedules, recognition and career development) explain 58.2% (R² = 0.582) of the variance in job performance. It indicated that job performance is explained by flexible working schedules, recognition and career development. Meanwhile, the rest of 41.8% is explained by the other variables.
Table 2.0

Model Summary and Coefficient

<table>
<thead>
<tr>
<th>Variables</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td></td>
<td>2.451</td>
<td>.016</td>
</tr>
<tr>
<td>Flexible Working Schedule</td>
<td>.418</td>
<td>4.748</td>
<td>.000</td>
</tr>
<tr>
<td>Recognition</td>
<td>.235</td>
<td>2.474</td>
<td>.015</td>
</tr>
<tr>
<td>Career Development</td>
<td>.290</td>
<td>3.658</td>
<td>.000</td>
</tr>
<tr>
<td>R-Square</td>
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<td>.582</td>
<td></td>
</tr>
<tr>
<td>Adjusted R Square</td>
<td></td>
<td>.568</td>
<td></td>
</tr>
<tr>
<td>Sig. F Change</td>
<td></td>
<td>.000</td>
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</tbody>
</table>

The first research objective deals with the relationship between flexible working schedules and job performance. Many studies have revealed that flexible working schedules have a significant influence on job performance. Results from the Pearson correlation test indicate a positive relationship between flexible working schedules and job performance. The relationship is also strong where the r value is 0.659. This study has therefore proved that positive flexible working schedules may boost the job performance of employee in organization. The largest beta coefficient is 0.418 which is for flexible working schedules. This carry the meaning of flexible working schedules variable makes the strongest contribution in explaining job performance. It suggests that one standard deviation increase in flexible working schedules is followed by 0.418 standard deviation increase in job performance. This means that flexible working schedules significantly influence job performance. Thus, it support the hypothesis one (H1) “There is a significant relationship between flexible working schedule and job performance”. The findings were in accordance to Latham’s (1993) who declared that flexible working schedules leads to improved productivity, and it plays a major role in promoting the satisfaction of employees to perform even better in their job, which in turn leading to improved organizational performance.

The second research objective concerns with the relationship between recognition and job performance. Many studies that were conducted indicated that recognition has a significant influence on job performance. The results from the Pearson correlation test demonstrated a positive relationship between recognition and job performance. The relationship is also strong where the r value is 0.633. The second highest beta value falls on career development with 0.290 values. This meaning that career development variable makes a strong contribution in explaining the job performance. It suggests that one standard deviation increase in career development is followed by 0.290 standard deviation increase in job performance. This means that career development significantly influence job performance. Thus, it support the hypothesis two (H2) “There is a significant relationship between career development and job performance”. This study has therefore proved that positive recognition rewards may boost the job performance of employee in organization. The result of this is found to be consistent with findings from previous researches, where it was indicated that the uses of recognition reward affect job performance in either positive or negative way. For example, a research conducted by Nelson and Quick (2004) proved that praise and recognition are considered as the most efficient intrinsic reward which rises the employee job performance.

The third research objective deals with the relationship between career development and job performance. From the results obtained in the previous chapter, it appeared that career development also has a positive significant influence on job performance but has the lowest correlation value among tested variables; flexible working schedules and recognition. The results from the Pearson correlation test suggest a positive relationship between career development and job performance. The relationship is also strong.
where the r value is 0.542. This study has therefore proved that positive career development rewards may boost the job performance of employees in organization. The standardized coefficient beta for recognition is 0.235 in values. This meaning that variable recognition makes the least contribution in explaining the job performance. It suggests that one standard deviation increase in recognition is followed by 0.235 standard deviation increase in job performance. This means that recognition significantly influence job performance. Thus, it support the hypothesis three (H3) “There is a significant relationship between recognition and job performance”. The finding was in accordance to Robert (2011) study that showed respondent at Altamonte Springs Police Department agreed that career development enhance employee performance and have a positive impact on an organization's overall effectiveness. Similarly, previous study by Ngatia (2014) also proved a high significant relationship between career development and job performance. 69 per cent of respondents’ response indicated that high level of organizational effectiveness is achieved when organizations adopt career development in boosting employee performance.

5. Conclusion
This study investigated the non-monetary incentives factor that could influence job performance of employees at a property company in Penang. The factors are flexible working schedules, recognition and career development. Through the result, it is indicated that all three variables tested have positive relationship and significant value on job performance. This research can be helpful for employers in the private organization especially in property sector. They can design effective incentives package to maintain and retain their capable employees thus improving the job performance. Management can also improve the use of effective non-monetary incentives including recognition system in the feedback process of their performance management system in order to motivate their employees. Since job performance is a function to enhance non-monetary incentives, it is hoped that this study will provide significant information that will be of great value to this property company. This is because this research provides fresh insights as to enhance the employee performance through having the right non-monetary incentives.

6. Limitation
Lastly, only three variables were identified to study the non-monetary incentives to job performances which are flexible working schedules, recognition and career development. However, there were also many other factors that is related to the job performance of the employees. Thus, selecting only three factors is considered a limitation. Moreover, future study should expand the scope by including others factor that may influence job performance. Despite the limitations, the findings of this study still provide a platform for future investigation to improve the current awareness about which factors are significant in relation to job performance.

7. Recommendation for Future Research
Even though various studies in the past assessed the situation of non-monetary rewards use and status most organizations today in some characteristics, there has been lack of detailed study that has been conducted on how flexible working schedules, recognition and career development as non-monetary incentives influence employee job performance in property sector. Therefore, it is essential to observe, update and document the situation whenever new data are available as this would allow the identification of improvements by conducting a study of the influence of non-monetary incentives on employee performance in order to reduce the research gap in this area of study.

References


Role of Transformational Leadership in Effective Strategic Implementation with the Moderating Effect of Organizational Culture

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ABSTRACT

Purpose: This study evaluates the role of transformational leadership in effective strategic implementation. The purposes of this study are; first, to examine the degree of transformational leadership of administrative officials; second, to assess the degree of effective strategic implementation; third, to investigate the impact of transformational leadership on effective strategic implementation. Finally, this study examines the roles of organizational culture as a moderator of the association between transformational leadership and effective strategic implementation.

Methodology: This study uses the case study of municipalities in Trang Province in Thailand. This research employs quantitative methods. The questionnaires are collected from administrative officials of municipalities in Trang Province. Descriptive statistics are used to analyse the data. This study uses Pearson correlation analysis to achieve the associations between two variables. In addition, regression analysis is applied as a suitable statistical tool to test the hypotheses.

Implication: This study combined the framework of strategic management, leadership, and organizational culture for testing the conceptual model. The study is particularly useful for improving the roles of administrative officials in order to achieve effective strategic in municipalities.

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1. Introduction
Since the economic crisis in 1997, the Thai Royal government has determined to improve the public administration and increase performance in public sector. The Thai government has initiated strategies to reform government agencies comprising local government. Among many changes including internal and external factors, efforts to strengthen the government strategies have been placed as a main stage by the government. The Thai government has many attempts to create new strategies approved by the Office of the Public Sector Development Commission (OPDC) in order to increase public organizational performance. The strategies aim to improve service quality, competencies of servants, public participation, and governance in administration. They also influence public organizational performance and its sustainable development. Therefore, strategic public management becomes an important tool to give a strong impact on public sectors’ success. Strategic management is generally originated in the
business sector. It focuses on the relationship between the external and internal environment and mission, vision, and objective of the organization. In the recent years, strategic management has been transformed to the public sector. The strategic management in public sectors has been adopted as a response to public needs and requirements. It is considered in increasing public service delivery, efficiency and effectiveness, resources management, and governance.

Strategy implementation is the key process of strategic management to obtain the desired results after the strategy has formulated. Although strategy formulation is a difficult task and important for making strategy work, strategic implementation is even more difficult (Hrebiniak, 2006). It is the challenge and creative process of strategic management. In addition, it covers restructuring the organization, resources management, decision-making processes, and human resource management. This requires organization to create objectives, formulate strategy, motivate employee, and allocate resources to accomplish strategies. According to Steiner (2004), strategic implementation is a main step that includes compensation, evaluation, motivation, and controlling. It challenges to transfer plans to actions that actually lead to the effectiveness of organizational performance. Thus, this study seeks to evaluate effective strategic implementation as organizational performance. However, many organizations especially public organizations struggle to turn plans into actions that will enable the strategies to be successful (Dewar et al., 2011). Due to various factors effecting strategic implementation such as organizational structure, leadership, motivation, organizational culture, successful strategy formulation does not all guarantee successful strategy implementation (Barnat, 2014). Jooste & Fourie (2009) noted that the high failure rate of strategic implementation efforts is well documented, and many barriers to effective strategic implementation exist. Excellently formulated strategies will fail if they are not properly implemented. Noble (1999) noted that the failure of the best formulated strategies may come from unsuccessful implementation. In addition, many strategy studies claim that most of strategy implementation efforts fail (Ashkenas & Francis, 2000; Beer & Nohria, 2000; Jonk & Ungerath, 2006; Raps, 2004; Atkinson, 2006). However, many studies indicate that strategic implementation have received less attention from both academics and practitioners compared to strategic formulation (Chaimankong & Prasertsakul, 2012). Thus, it is essential to indicate that effective strategy implementation is based on organizational dimension as transformational leadership.

Strategic leadership is perceived as an important component of effective strategic management. Bryson (1989) noted that strategic leadership creates organization’s change and conducts the direction, encouragement and motivate behavior of workers. Leadership capacity makes directions for the organization, allocates resources, and creates activities to support those directions. Public sector leaders focus their organizations on strategic directions and strategic changes. They also encourage employees by giving power and authority to make decisions. Gracia-Morales et al (2012) defined transformational leadership as leadership style that focuses on increasing interests of the organization's members and supports them to reach their goals. Thamrin (2012) found that transformational leadership has a positive influence on employees’ performance. It is mentioned that this style of leadership can bring significant changes to employees’ work. According to Bass (1999); Bass & Avolio (2000), transformational leadership intended to the organization's goals and employees’ internalization and encourage to increase organizational performance and their benefits. Herold, Fedor, Caldwell, & Lui (2008) concluded that transformational leadership approaches have been successful in promoting change. Thus, transformational leadership is required to complete effectively strategic implementation.

In addition, this study addresses organizational culture as one of core competencies of an organization. It is defined as values and beliefs that relate to an organization’s behavior and norm. In order to increase effective strategic implementation, it must relate to the organizational culture. The previous studies found that organizational culture seemed to have some substantial influence on organization’s strategy (Mantere, 2000; Van Der Maas, 2008; Van Buul, 2010). Therefore, organizational culture is required as a combining and encouraging factor considered in the implementation process. It is essential to measure organizational
culture that will help organization achieves strategic implementation. However, only a few studied implicitly the effect of culture on strategic implementation (Mantere, 2000; Van Der Maas, 2008). It is important to assess the underlying assumptions related to organizational culture and effective strategic implementation. Thus, this study emphasizes on the moderating effect of organizational culture on the relationship between transformational leadership and effective strategic implementation.

Among the levels of government, local government, particularly municipality is considered as organization that implements strategies. Many external factors influence strategic implementation in local government in the Thailand. In addition, the reforms of local administration by central government by encouraging various tools which focus on performance measurement. Local authorities need to develop the capacity of implementation systems and processes in order to achieve the organizational goals. However, the failure of strategy implementation efforts in Thai local governments is well accepted, and many barriers to effective strategic implementation still exist (Nagai et al., 2008). In addition, Mektrairat et al. (2009) concluded that a lack of strategic leadership has been identified as one of the main barriers to effective strategic implementation in Thai local governments.

Thus, this study addresses the importance of municipalities to the clients. Municipality is a basic government organization which provides public services to citizens. It is also one of the means to achieve the ends of decentralization. It is important to focus on the role of municipalities’ leadership and organizational culture that influence effective strategic implementation. Therefore, this study focuses on the role of transformational leadership in effective strategic implementation in municipalities in Trang Province, Thailand. In addition, this study tries to investigate organizational culture as a moderator variable that may effect on the relationship between transformational leadership in effective strategic implementation.

2. Research Question
This study links the issue of effective strategic implementation with the study of leadership style and organizational culture. Thus, this study seeks to ask the following research questions:

i. What is the perceived role of transformational leadership of administrative officials in municipalities in Trang Province?
ii. What is the degree of effective strategic implementation in municipalities in Trang Province?
iii. What is the role of transformational leadership in effective strategic implementation in municipalities in Trang Province?
iv. How does organizational culture moderate the relationship between transformational leadership and effective strategic implementation in municipalities in Trang Province?

3. Research Objectives
This study tries to accomplish the following objectives.

i. To investigate the perceived role of transformational leadership of administrative officials in municipalities in Trang Province.
ii. To assess the degree of effective strategic implementation in municipalities in Trang Province.
iii. To examine the role of transformational leadership in effective strategic implementation in municipalities in Trang Province.
iv. To investigate how organizational culture moderates the association between transformational leadership and effective strategic implementation in municipalities in Trang Province.

4. A Review of the Literature
4.1. Resource-based View
Resource-based View (RBV) is based on the concept of organization’s resources and the view of the organizational capabilities that provides the basis for its strategy. RBV argues against a theoretical framework that describes organizations that are successful in creating competitive advantage and sustainability (Eisenhardt & Martin, 2000). The resources of an organization possesses include all assets as
management skills, organizational processes, organizational capabilities to achieve organizational effectiveness. Zheng, Yang & McLean (2010) concluded that many studies have been considered widely in the relationship between leadership, organizational culture, and strategy with organizational effectiveness.

4.2 Concept of Effective Strategic Implementation

Strategy implementation is an involving circle between strategic formulation and control. Strategy implementation has become the most significant management challenge. However, Rajasekar (2014) founded that strategy implementation is more problematic than strategy formulation. In order to achieve strategy implementation, it involves many keys as leadership abilities, resources management, accuracy planning, and the confidence in strategy. According to Mushtaq (2008), suitable leadership is required to reach the organization's goals and also effective strategy implementation. Barnat (2014) concluded that implementing strategy depends on change management which improves organizational performance. The motivating manager became a key determinant to make changes for strategic implementation. The study concluded that motivational leadership, organizational performance, and changing plan to action affect strategic implementation.

4.3 Concept of Transformational Leadership

To successfully implement an organization’s strategy, it must focus on the leaders who create, monitor, encourage and reward. Thus, the leadership is required to effect effective strategic implementation. Sullivan & Decker (2012) noted that transformational leadership focuses on organizational change through a commitment to the organization’s vision. The findings of the study show the impact of transformational leadership on organizational performance positively. Transformational leadership has an effect to organization's benefits by creating strategic organizational change (Waldman, Javidan, & Varella, 2004). Thobani (2011) found that the roles of middle manager assist the effective strategic implementation. Omondi (2013) mentioned that three organizational factors affecting effective strategy implementation consist of policy regulations, management competencies and the resource allocations to define successful strategy implementation. Cavazotte, Moreno & Bernardo (2013) examined the influences between transformational leadership and subordinate formal and contextual performance. They found that higher task performance is created by transformational leadership. Gang, In-Sue On, Courtright, & Colbert (2011) found that transformational leadership was positively associated to individual performance, team performance, and also organization performance.

4.4 Concept of Organizational Culture

Dodek et al. (2010) noted that organizational culture is to an organization what personality is to the individual. Ahmadi, Salamzadeh, Daraei, & Akbari (2012) studied the relationship between organizational culture and strategic implementation. Results clear up that the role of culture has an influence on strategic implementation. In addition, Fey & Denison (2003) found that organizational culture has a positive association with effectiveness and performance. Robbins & Sanghi, (2007) concluded that there is a relationship between cultural traits and organizational effectiveness. In addition, Alvesson (1989) defined that the acceptance of organizational culture is an important tool for accomplishing performance. Thus, organizational culture is measured as a key driver in strategy implementation process (Schein, 2009).

5. The Conceptual Framework

This study investigates the impact of transformational leadership and organizational culture on strategic implementation in municipalities in Trang Province, Southern Thailand. This study is based on the concepts of Strategic Management and Results Based Management to measure a successful strategic implementation as an organizational performance in public sector. Thus, the conceptual foundations of this study consist of three concepts as transformational leadership, organizational culture, and strategic implementation. In this study, transformational leadership is considered the major independent variable whereas the dependent variable is effective strategic implementation. In addition, a conceptual framework
is constructed to include the moderating organizational culture factors that might have an effect on the relationship between transformational leadership and effective strategic implementation which is shown in Figure 1.

**Figure 1 Conceptual Framework of the Study**

6. Hypothesis
The role of transformational leadership has been extensively emphasized as the key factor of effective strategic implementation. Various studies assert association between leadership and strategic implementation (Nutt, 1986; Noble, 1999; Schaap, 2006; Cater & Pucko, 2010). The hypothesis is followed.

H1: Transformational leadership has a positive impact on effective strategic implementation. Organizational culture influences results in the success or failure of strategic implementation. It makes complete sense that organizations would consider culture in strategic management. Many studies have also showed a significant influences between organizational culture and strategic implementation (Ahmadi, Salamzadeh, Daraei, & Akbari, 2012; Lismen, Margaret & Ed Snape, 2007; Schein, 2009). The hypothesis is followed.

H2: Organizational culture moderates the relationship between transformational leadership and effective strategic implementation.

7. Contribution of the Study
This research seeks to assess the extent of the degree of transformational leadership and effective strategic implementation in municipalities in Trang Province. In addition, this study examines the role of transformational leadership in effective strategic implementation with the moderating effect of organizational culture. The results are to:

i. Integrate the framework of strategic management, organizational culture, and leadership for testing the conceptual framework in municipalities in Trang Province.

ii. Provide a conceptual understanding of strategic management in public sector which leads to preferable replies by municipalities’ officials in order to achieve strategic implementation.

iii. Advise the administrative officials to consider in their leadership and organizational culture in order to successfully strategy implement.

iv. Improvemunicipalities’ capabilities in order to achieve the strategic accomplishment.

8. Scope of the Study
This study employs quantitative method. The target population of this study consists of administrative officials in municipalities in Trang Province, Thailand. The research starts from 2017 and completes within two years.
9. Research Methodology  
9.1 Research Design  
Descriptive research is designed to obtain data in order to define the relationship between variables. This research employs quantitative methods. The questionnaires are collected from administrative officials of municipalities in Trang Province. This study employs a deductive model to provide evidence for testing hypothesis.

9.2 Population and Sample Sizes  
In this study, the target population is administrative officials who are working in three types of municipalities in Trang Province. The total population is around 410 administrative officials. According to the sampling table by Krejcie & Morgan (1970), the total sample size is 201 respondents. The Proportional Stratified Random Sampling is used as a method of sampling which is shown in Table 1.

<table>
<thead>
<tr>
<th>Type of Municipality</th>
<th>Administrative Official</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nakhon Municipality</td>
<td>35</td>
<td>16</td>
</tr>
<tr>
<td>Muang Municipality</td>
<td>25</td>
<td>14</td>
</tr>
<tr>
<td>Tambon Municipality</td>
<td>350</td>
<td>171</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>410</strong></td>
<td><strong>201</strong></td>
</tr>
</tbody>
</table>

Source: Office of Local Administration of Thailand, 2017

9.3 Measurement  
Survey items are developed from existing instruments to test the study’s model and hypothesis. Specifically, the components of three variables as strategic implementation, transformational leadership, and organizational culture will be assembled.

9.3.1 Measuring Effective Strategic Implementation  
Balanced Scorecard created by Kaplan & Norton (1992) has implemented to assess organizational performance. To measure performance in Thailand’s public organizations, the Office of the Public Sector Development Commission of Thailand (OPDC) applied Balanced Scorecard which consists of four elements as effectiveness of strategic plan implementation, quality of service delivery, efficiency of public work, and organization development. This study adapts the measurements applied by OPDC (OPDC Handbook, 2009) to measure effective strategic implementation in public organization. The instrument consists of four perspectives as: 1) Effectiveness, 2) Service Quality, 3) Competency of Servants, and 4) Innovation.

9.3.2 Measuring Transformational Leadership  
This study adapts the Survey of Transformational Leadership (STL) developed by Avolio, Bass, Walumbwa, & Zhu (2004) to measure transformational leadership. The STL has been comprehensively used and is regarded a well-validated measure of transformational leadership (Awamleh & Gardner, 1999). In addition, STL is comprehensive instruments and widely available to evaluate transformational leadership. The instrument consists of four dimensions as: 1) Inspirational Motivation, 2) Intellectual Stimulation, 3) Individual Consideration, and 4) Idealized Influence.

9.3.3 Measuring Organizational Culture  
Organizational culture is an important determinant of organizational success. This study adopts the Denison Organizational Culture Survey and Theory established by Fey & Denison—(Fey & Denison, 2003) to determine public sector organizational culture. The Denison model is a comprehensive organizational culture model. This instrument is used because of its theoretical foundation, and its use in past studies of both the public and private sectors. The instrument consists of four dimensions as: 1) involvement, 2) consistency, 3) adaptability, and 4) mission.
All perceptions of respondents are measured through a five-point Likert scale (1=strongly disagree to 5=strongly agree).

9.4 Data Collection Process
The data collection process starts in 2017. Thirty questionnaires of the respondents are used in a pilot study to estimate the research instruments while questionnaires are distributed to the administrative officials in municipalities in Trang Province, Thailand.

9.5 Validity and Reliability
This study examined the content validity and construct validity. Content validity of the instrument was achieved by adopting the items that were used in the previous studies and gathering experts’ opinions. According to Hair et al. (2006), seeking opinions from academics who are experts in their particular areas leads to proper assessment of the content validity. Thus, to obtain feedbacks on the instruments, the questionnaires were sent to the experts in the academic area of this study at Prince of Songkhla University, Thailand. Based on the comments, item corrections were carried out to rewrite and to ensure the wording and clarity of the items. Before deciding on the actual measurement to be used, a pilot study of a sample of 30 respondents was distributed to administrative officials. The reliability value for each measurement was computed for a pilot study. The reliability analysis was used on the variables to test the internal consistency of all instruments. The results are presented in Table 2.

According to Hair et al. (2006), Cronbach’s alpha values less than 0.60 is identified to be poor, 0.60 to 0.70 is moderate, 0.70 to 0.80 is good, 0.80 to 0.90 is very good, and over 0.90 is excellent. The results in Table 2 show that the three instruments were clear and comprehensible to all of them. All three measurements show adequate levels of internal reliability.

<table>
<thead>
<tr>
<th>Table 2 The Values of Cronbach’s alpha for Administrative Officials</th>
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<tbody>
<tr>
<td><strong>Dimension</strong></td>
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<tr>
<td>----------------------</td>
</tr>
<tr>
<td>Transformational Leadership</td>
</tr>
<tr>
<td>Inspirational Motivation</td>
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<tr>
<td>Intellectual Stimulation</td>
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<tr>
<td>Individual Consideration</td>
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<tr>
<td>Idealized Influence</td>
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<tr>
<td>Effectiveness Strategic Implementation</td>
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<td>Effectiveness</td>
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<td>Service Quality</td>
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<td>Competency of Servants</td>
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<td>Innovation</td>
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<tr>
<td>Organizational Culture</td>
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<tr>
<td>Involvement</td>
</tr>
<tr>
<td>Consistency</td>
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<tr>
<td>Adaptability</td>
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<tr>
<td>Mission</td>
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</tbody>
</table>

9.6 Data Analysis Technique
For data analysis, this study uses descriptive statistics, for example, frequency, percentage, mean, variance, and standard deviation to describe data. Exploratory factor analysis is conducted to evaluate the validity and reliability of measurement scales (Hair et al, 2010). Inferential statistics, for example, correlation and regression analysis are used to test the relationship between variables and hypothesis of this study.
10. Conclusion
Many factors include leadership and organizational culture influence in effective strategic implementation. This study considers in the role of transformational leadership in effective strategic implementation with the moderating effect of organizational culture. Quantitative method is conducted. The study uses the case study of administrative officials in municipalities in Trang Province, Thailand. This study integrates the context of strategic management, leadership, and organizational culture for testing the conceptual framework. The study is particularly useful for improving the roles of administrative officials in order to achieve effective strategic in municipalities.

Reference


Conceptual Model of Predictors of SMEs’ Performance in the Context of Sudan

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ABSTRACT

Purpose: SMEs’ performance in Sudan is in downturn and calls for research-based solution. To address this, this conceptual study proposes a model entailing management accounting practices (costing, budgeting, and performance measures practices) as predictors of SMEs’ performance. Also, research findings on the relationship between management accounting practices and performance are inconsistent. Given this, this study proposes a model entailing management accounting practices as determinants of SMEs’ performance with moderating role of external business environment.

Design/methodology/approach: This work is theorized based on extensive literature survey through which a conceptual model is developed and discussed. Inconsistent relationship between management accounting practices and performance is valued and established via published research. Also, moderating role of external business environment is discussed and validated based on contingency theory.

Findings: This paper proposes a conceptual model to serve as an answer to how Sudanese SMEs’ performance can be improved through management accounting practices.

Research limitations/implications: The proposed model in this work is based on survey of published research, but it can be empirically solidified further through collection and analysis of relevant data.

Practical implications: The paper can help SMEs’ owners/managers and policy makers to understand how properly-adopted management accounting practices can improve SMEs’ performance.

Originality/value: The proposed conceptual framework is an exceptional and all-inclusive model that will expectantly improve the relevant body of literature and serve as useful guide for stakeholders on how the performances of SMEs can be boosted to enable them catch up with the SMEs’ performance level of the developed countries in order to boost the economy of Sudan as a nation.

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1. Introduction

Both at the global level and local level, Small and Medium Enterprises (SMEs), as a distinct sector in the
economy, is considered the springboard for sustaining economic development, and its important roles cannot be underestimated in any developed or developing country (Kuntchev et al., 2012). It is a major provider of employment (Economist & Unit, 2016; Elasrag, 2012; Kongolo, 2010). Specifically, in Sudan, SMEs provides more than 70% of job opportunities, makes citizens become very productive, and helps in capital formation (Stevenson, 2010; Gupta, Seetharaman, & Raj, 2013; Economist Intelligence Unit, 2016). SMEs remains the main source of national income after the secession of South Sudan (Nour, 2011; Thwala et al., 2012; Ajagbe, Enegbuma, Bilau & Long, 2012).

Nevertheless, Sudan’s SMEs is confronted with a number of challenges hampering its performance and eventual collapse of many SMEs. For example, in 2012, 2013, 2014 and 2015, the contribution of SME to Sudan’s gross domestic production (GDP) was 62.1 percent, 50.48 percent, 46.54 percent and 38.09 percent respectively (African Development Bank, 2012; Khattab & Ali 2014; Economist & Unit, 2016). Also, over 20 percent of Sudanese tanneries representing 49 present in Khartoum State have closed down (Economist Intelligence Unit, 2016). This has adversely affected current economic situation of Sudan as inflation rate is getting higher (18.15 as per August 2016) (Mirgjani, 2016). The dismal performance of Sudanese SMEs has been responsible for the gloomy and depressing performance of country’s economy (Stevenson, 2010; Gangi, & Timan, 2013).

The declining SMEs’ performance and the consequent collapse are associated with many issues bordering on high production cost, budgeting impact of environment, lack of performance measurement (Abdalkrim, 2013), external business environment (Eifert, Gelb & Ramachandran, 2005; Ramachandran, Gelb & Shah, 2009; CGA, 2010), inadequate budgeting and performance measurement (Ardic et al., 2011; Abdulsaleh & Worthington, 2013b), inadequate manpower, poor savings culture (Thwala, Ajagbe, Enegbuma, Bilau, & Long, 2012), constraint in sourcing for the required fund, societal and transparency problems (Meinel & Leifer, 2011), and inability to secure the required information (Tiemo 2012).

Furthermore, Churchill and Lewis (1983) and Yassir Abdel Wahied (2015) stressed that there are many causes of failure of the businesses at the initial stage. These causes include lack of adequate working capital, raw materials, skilled manpower, volatile business environment, bad government policies, high tax rates, and unfavourable exchange rate are some of the problems confronting SMEs. In addition, Stevenson (2010) posited that lack of adequate application of accounting and management accounting practices by SMEs leads to their high rate of failure. Many small firms lack favourable business environment and fail to develop initial plan for costing and budgeting while those that establish the plan for costing and budgeting fail to continually adjust and use it as a benchmarking tool (Ihua, 2009; Ropega, 2011; Hope & Fraser, 2013).

Besides, survey of the existing literature (e.g. Brijlal et al., 2014; Tayles, Pike & Sofian, 2007; Scapens, 1990) indicates shortage of empirical studies that integrate costing, budgeting, and performance measurement practices with moderating variable of the external business environment, although few studies have indicated how costing, budgeting, performance measurement practices, and external business environment can stimulate profit growth and drive forward performance. Also, there is dearth of research regarding the use of external business environment as moderator in the context of SMEs (Drury & Tayles,1995; Alkizza & Akbar, 2006; CGA, 2010; Shehu & Mahmood, 2014). In Sudan, the application of management accounting practices (MAPs) in SMEs is limited, and there are few studies relating MAPs usage to the performance of SMEs. This gap needs to be filled up, because the information provided may guide government policy towards the SMEs sector. Lack of data on MAPs and SMEs’ efficiency and effectiveness may hamper SMEs’ ability to contribute meaningfully to the Sudanese economy (Thwala et al., 2012).

Owing to the facts and figures given above, there is need for Sudanese SMEs to upsurge and enhance its performance level and its competitive advantage, as this will enable it to catch up with the SMEs’
performance level of the advanced countries, and in turn make the economy of the country booms. Thus, research, which look into how Sudanese SMEs performance can be enhanced in relation to the discerned management accounting issues, bordering on costing practices, budgeting practices, performance measurement practices, and business environment aspects, is necessary.

According to Uyar (2010), management accounting especially in the context of SMEs sector should be given attention in the search and development of innovative competitive strategies. Garg, Ghosh, Hudick and Nowacki (2003); Douglas Clinton CMA and CFM (2012); Yalcin (2012); Sunarni (2013) and Ahmad (2013) revealed that despite the developments in management accounting theory, the practice remains unchanged as companies still use the traditional management accounting practices. The Sudanese SMEs relies heavily on traditional management accounting practices, hence, the adoption rates of recently developed or advanced practices are low and slow. In Sudan, there appears not to be many empirical studies on the indispensability of management accounting practices (Waweru, Hoque & Uliana, 2005; Al & McLellan, 2011).

Thus, this conceptual study proposes a conceptual model of MAPs, business environment and Sudanese SMEs’ performance. Also, this study aims at examining the effect of MAPs, external business environment on Sudanese SMEs’ performance. Next section presents the review of the literature conducted for the development of the proposed model.

2. Literature Review

Based on the identified issues in the introductory sections of this paper, there is need to examine relationship between costing, budgeting, performance measurement practices, external business environment and SMEs’ performance in the context of Sudan.

2.1 Overview of the Variables of the Study

SMEs mean different things to different authors, in different ways and in different contexts. Different countries have their peculiar meanings grounded on the expected role of SMEs in that country. Therefore, many countries consider their levels of industrial development and other economic factors in defining SMEs (Abor & Quartey, 2010).

SMEs in Sudan entails micro, small and medium businesses. The micro businesses are those with a labour size of not more than ten workers, and the total cost of not more than five million Sudanese pound (SDG), excluding land but including working capital; small businesses involve all the firms with a labor size of between ten to forty-nine workers, with a total cost of five million SDG, but not exceeding fifty million SDG, excluding cost of land but including working capital; medium-scale businesses are those enterprises with a labor size between fifty and two hundred and forty-nine , with a total cost above fifty million SDG, but not exceeding five hundred million SDG, excluding cost of land but including working capital (Central Bank of Sudan [CBS], 2007).

SMEs’ performance is process of activities through which the objectives of the firm are achieved consistently in an efficient and effective manner (Anthony, 2005; Kuntchev, Ramalho, Rodríguez-Meza & Yang, 2012; Gurdon, 2013). Smith (2005) and Melnyk Bititci, Platts, Tobias and Andersen (2014) posits that performance is a scientifically coined word which helps in measuring the efficiency and effectiveness of production and services that assists in the realization of profit. To enhance competitive advantage, many criteria have been used for the assessment of performance of SMEs and other organisations. However, performance in small companies is viewed from two perspectives: the monetary (financial) and the non-monetary (non- financial) measures (Elhiraika, 2004; Abdel-Maksoud, Dugdale, Luther, 2005; Kuntchev, Ramalho, Rodríguez-Meza & Yang, 2012).

Moreover, review of scholastic research signifies that there is no single perfect design for management
accounting practices (MAPs), but the best design relies on the circumstances in which the company operates (Tayles et al., 2007). Given this, Libby and Lindsay (2007) and Ahmadi and Ahmadi (2011) submit that it is on the basis of accounting for costing, budgeting and performance measurement practices that success of the business is measured and on which investors can find out whether or not their investment is safe and will produce a reasonable proceed for them.

Costing practices is a kind of philosophy and behaviours directed towards identification of needs of the targeted company with decreasing cost, it examines company’s ability to control production costs (Ahrens & Chapman, 2007; Busco, Quattrone & Riccaboni, 2007; Abugalia, 2011). costing practices are classified into seven items: variable (or marginal) costing, full (absorption) costing, standard costing, activity-based costing (ABC), target costing, life-cycle costing and quality cost reporting. As for the budgeting practices, it refers to the process of leveraging and detecting collective costs in the company to assist it compete favourably. According to Steed and Gu (2009) and Phaup and Kirschner (2010) budgeting practices is a complex, social-technical system that consists of various methods of budgets that is used in sharing and controlling in decision making process. It includes: (1) capital budget, (2) administrative expenses budget, (3) direct materials budget, (4) direct labor budget, (5) overheads budget, (6), sales budget (7) Activity- based budgeting, and (8) production budget.

Performance measurement practices (PMP) denotes the ideal system through which organization monitors its internal working system for the purpose of understanding the contribution of each department towards attaining overall goals (Verbeeten, 2008). According to Gomes et al., (2011), performance measurement practices’ essence is to ensure that the organizational activities are efficiently in line with the overall objectives of the organization. Performance measurement practices measures include: (1) balanced scorecard; (2) customer satisfaction; (3) non-financial measures; (4) employees’ satisfaction; (5) return on investment (or return on capital employed) (Sharma, Bhagwat & Dangayach, 2005; Nudurupati, Bititci, Kumar & Chan, 2011 ;Eltinay, Masri & Govindaraju, 2013; Melnyk, Bititci, Platts Tobias & Andersen, 2014).

Furthermore, business environment refers to the surroundings in which business operates, and which is ever-changing, compounding and competitive in nature (Ishengoma & Kappel, 2011). Business environment is the set of norms, ethics, legal and governing frameworks, and the overall policy conditions that set rules for conduct of business and influence both positively and negatively the performance of company, the flow of investment, factor productivity, and the cost of operating a business. These can either be from both internal or external settings, and it can affect the smooth running as well as function of an organization (Abugalia, 2011; Shehu & Mahmood, 2014). Dynamic environmental dimensions arise from the changes in major operating variables such as market and industry, economic, political, technology and other social forces.

2.2 Costing Practices and Performance
Numerous studies have been conducted with focus on costing practices (CPs) and performance. Among these studies are Chenhall and Langfield-Smith (1998) whose findings indicate significant and positive relationship between costing practices and performance. Similarly, Guilding, Lamminmaki and Drury (1998) who conducted their research on a sample of fifty-three single businesses, found a positive relationship between costing practices and performance. Furthermore, in the seminal work done by Joshi (2001) positive and significant nexus among costing practices and company performance was found. Similar finding was also found by Luther and Longden (2001) in their research on relationship between costing practices and performance in the context of a developing economy, using a survey questionnaire administered on one hundred and sixty-two manufacturing and Service Company.
Lamminmaki and Drury (2001) reported a significant and positive influence of costing practices on small company performance. Tomberg, Jämsen and Paranko (2002) in their study on the effect of costing
practices on performance in service firms, examined the association between costing practices and performance in the hospitality businesses. Two hundred and one data were generated through survey questionnaire and the preliminary questions were pre-tested on thirty hotel chief executives who joined an executive development program at a leading hotel and restaurant in the north-eastern USA. The finding shows that costing practices is positively related to both non-financial measures of performance (service quality, customer satisfaction, and employee satisfaction) and financial measures of performance (occupancy rate, gross operating profit, and market segment). This research establishes a strong positive connection between costing practices and all forms of performance.

Arai (2006) examined three hundred and fifty-three owner/managers in Japan. A structural equation modeling and survey design was used. The finding of their study reported an important linkage between costing practices and small sized service retailer performance. Rattray et al., (2007) in their Meta-analytic study on costing practices, employed a quantitative approach using correlation and multivariate analyses. The finding of their study reported that relationship between costing practices and performance is positive and stronger in the sampled manufacturing firms.

A more substantial studies, including Akyol et al., (2007), Banker et al., (2008), Hamood et al., (2011), Fullerton et al., (2014), Chapman et al., (2014) etc., have established positive nexus between conducted a research on the association between costing practices and performance.

Moreover, many other studies such as King et al., (2010) Mahama et al., (2013), Siguenza-Guzman et al., (2016).reported mixed findings in which significant negative relationship or no significant relationship were found between costing practices and performance.

Moreover, majority of the research are conducted in US, UK and some nations other than Sudan while large number of them were conducted on large firms. Since the findings of the substantial reviewed research indicate positive relationship between costing practices and performance, it can be inferred that same result will be arrived at if the relationship is tested in the context of Sudan’s SMEs.

Given the above explication, this conceptual paper makes the following proposition:

P1: There is a significant and positive relationship between costing practices and SMEs’ performance in Sudan.

2.3 Budgeting Practices and Performance

Considerable studies have established the linkage between budgeting practices and company performance. Pike (1996) examined the relationship between budgeting practices, environmental uncertainty and company performance and found that budgeting practices are directly related to various intermediate measures of strategic organisational performance namely: budgets, product leadership and operational excellence, and that those intermediate measures are, in turn, associated with company performance. Based on this evidence, the researchers added that as long as budgeting practices enhance intermediate organisational performance, positive company performance will be the outcome.

The study by Burritt (2004) indicates that small companies can benefit from operational budgeting practices for sustainable competitiveness. Hansen et al., (2004).investigated the relationship between budgeting practices and company performance by empirically investigated 78 companies in US and found positive relationships between budgeting practices and performance.

Nevertheless, studies results show that SMEs still lacks in budgeting practices. There are various reasons for this. Those reasons include lack of financial and non-financial resources, less top management promise, shortage of financial performance related organizational infrastructure (Chief Knowledge Officer or Chief Information Officer), and misunderstanding about budgeting practices, benefits and its implementation. Less work has been done about budgeting practices in SMEs due to the
misunderstanding that knowledge management can be similarly practiced in SMEs as it can be practiced in large organizations (Dugdale & Lyne, 2006). It is observed that SMEs would benefit from the budgeting practices (Verbeeten, 2006). Several other research on budgeting practices-performance nexus include Van der Haddad et al., (2010), King et al., (2010), Robinson et al., (2013), Bleyen et al., (2015) etc. All of these researches establish significant and positive relationship between budgeting practices and company performance, although those studies were done in different context excluding Sudan. Going by the above discussion, this conceptual paper proposes that:

P2: There is a significant and positive relationship between budgeting practices and SMEs’ performance in Sudan.

2.4 Performance Measurement Practices and Performance
Numerous studies have established the linkage between performance measurement practices (PMPs) and company performance. According to Folan and Browne (2005), a performance measurement practice is positively related to performance. PMPs may be more strongly related to performance when it is pooled with both the appropriate plan and the proper environmental conditions, and this study paves way for the emergence of other related empirical studies on performance measurement practices and company performance. The finding of Gomes et al., (2006) supported the previous performance measurement practices literature that established the positive association between performance measurement practices and performance relationship.


It is also noteworthy that most performance measurement practices studies were conducted in Europe and Latin America and US (Ben Hadj Salem Mhamdia, 2013), and substantial reviewed research indicate positive relationship between PMPs and performance. In addition, some researchers (Azfar et al., 2014; Micheli & Mari, 2014) suggested research in other in other countries with different socio-cultural situation from that of the US and other developed nations.

Based on the above arguments, this study proposes the following:

P3: There is a significant and positive relationship between performance measurement practices and SMEs’ performance in Sudan.

2.5 External Business Environment Variable as a Moderator
Moderating variable is widely used in business research areas, as it affects and strengthens the relationship between independent variable (predictor) and dependent variables (Shields et al., 2000). Organization’s strategies, its capabilities and resources aligned with the external business environmental factors determine firm’s long-term profit (Powell, 1992; Fuchs et al., 2000; Beer et al., 2005). Several researchers suggested that external business environment moderate the connection between organizational strategies and performance of a company (Dess & Beard,1984; Zahra & Bogner,1999; Li and Atuahene-Gima. 2001).
Sila and Ebrahimpour (2002), based on their comprehensive review of the management accounting practices literature, identified that research findings are inconsistent regarding the relationship between management accounting practices and company performance. Furthermore, Dosch and Wilson (2010), in their empirical investigation on the relationship between costing practices to company performance, observed that costing practices is incapable to directly increase business performance without the moderation of business environment. Likewise, it has been contended that company performance and budgeting practices relationship depends on both factors of external business environment and internal organizational processes (Tang et al., 2008). According to Martins and Rialp (2013) external business environment is always highlighted as an important contextual factor in the budgeting practices and performance relationship.

Like costing and budgeting, performance measurement practices (PMPs) is equally considered as one of the very important factor that contribute to firm performance and regarded as a main source to profit growth and enhance performance (Bryson & Daniels, 1998; Johnson et al., 2007; Klapper & Parker, 2011). Given the inconsistency regarding research findings on PMPs and performance nexus, studies have suggested that the effect of performance measurement practices on performance depends on external environmental conditions (Britton and Worthington, 2010; Fereidouni et al., 2010). Performance measurement practices are required to focus on those external business environmental factors that are expected to affect their ability towards the enhancement of customer satisfaction (Wong et al., 2014).

Adeoye and Elegunde (2012) argued that the proper alignment between key organizational factors with the context or environment leads to better performance. The significance of proper alignment of practices with the environment refers that companies must develop those capabilities and characteristics that will give them ability to cope with their environments Gupta (2013); Otache and Mahmood (2015) highlighted that firm’s outcome should not be measured based on its characteristics (i.e. management style, structure, etc.) but rather results should be determined from the fit between firm’s dimensions within a specific environment.

Based on the above explication, this conceptual research makes the following propositions:
P4: External business environment moderates the relationship between costing practices and SMEs’ performance in Sudan
P5: External business environment moderates the relationship between budgeting practices and SMEs’ performance in Sudan.
P6: External business environment moderates the relationship between performance measurement practices and SMEs’ performance in Sudan.

3. Underpinning Theory of the Proposed Conceptual Model
This proposed conceptual model which proposes that management accounting practices (costing, budgeting, performance measurement practices) and performance of SMEs are interrelated via the moderating role of external business environment is underpinned by the resource-based view which posits that performance of an organization is affected by its resources and capabilities. Firms are able to achieve better performance through the effective use of their organizational resources and strategic capabilities (i.e. costing, budgeting, performance measurement practices).

Strategic capabilities i.e. costing, budgeting, performance measurement practices are a pool of internal resources aimed at achieving profit growth (King et al., 2010). So, these rare and distinctive combinations of strategic resources within a firm have potential to enhance company performance and to achieve profit growth (Antony & Bhattacharyya, 2010). It is also posited that firms should work towards the establishment of the relationship among external business environment, internal capabilities and strategies for the maximization of profit, growth and improved performance (Kurien & Qureshi, 2011).
Moreover, the concept of “fit” or “match” is the basic premise of the contingency theory. Therefore, research scholars of the contingency research and management, such as Otley (1980); Haldma and Lääts (2002); Scapens (2006); Covaleski et al., 2006); Abdel-Kader and Luther (2008) emphasized the necessity of the fit between the organizational strategy and some of the organizational variables as the key prerequisite for company’s performance. Fullerton et al., (2014) observed that there can be improvement in company performance if there is an effective alignment of the key management accounting variables. Contingency theory posits that the firm structure or strategy are varies based on its contextual situation.

4. Proposed Conceptual Research Model
Based on the discussion in the preceding sections, this work proposes a conceptual model which indicates that management accounting practices (costing, budgeting, performance measurement practices) and performance of SMEs are connected via the moderating role of external business environment. This is illustrated in the figure below:

![Figure:1]

5.0 Conclusion
This conceptual work makes contributions in many ways including theoretical, contextual, and managerial contributions. It posits the moderating role of external business environment in the relationship between management accounting practices (costing, budgeting, performance measurement practices) and performance of SMEs. Thus, it contributes to the present body of knowledge in the research area. It can equally be a useful guide for stakeholders and policy makers in Sudan on how the performances of SMEs can be enhanced to enable them catch up with the SMEs’ performance level of the advanced countries in order to boost the economy of Sudan as a nation.

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Influence of University Experience on the Entrepreneurial Quality among Graduate Students in Malaysian Public Universities

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ABSTRACT

Purpose: The purpose of this paper is to examine the influence of university experience on the development of entrepreneurial quality among graduate students in Malaysian Public Universities. A conceptual model is proposed and empirically tested where entrepreneurial quality is influenced by university experience.

Design/Methodology: A questionnaire survey was administered to 400 students in several Public Universities. Regression analysis as statistical tools was used to analyze the data and test the hypotheses that entrepreneurial quality is impacted by the university experience.

Findings: The postulated relationships were found supported by the data. The research found that university experience has significant and positive impact on entrepreneurial quality among graduate students in Malaysian Public Universities.

Implications/originality: The study is particularly useful for Malaysian Ministry of Higher Education as well as the Malaysian Public Universities by identifying advantages university experience among students in Malaysian Public Universities. This paper is hoped to give valuable reference to the parties to consider the university in order to prepare for the young generation in the future.

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1. Introduction

There is a growing recognition that graduates in particular and related supportive environments are of critical importance for economic growth and development (Nabi 2000). Furthermore, graduates represent the ultimate outputs or products of Higher Education (HE). However, Teichler (2003) and Elias and Purcell (2004) noted that, even though there is rapid expansion of higher education, the qualities possessed by graduates to be applied to their career are still questionable. This is because the factors that determine the qualities of graduates are largely unexplained and hence, those characteristics of entrepreneurial quality should be emphasized in higher education training (Hegarty and Jones 2008; Henderson and Robertson 2000; McLarty 2005). Previous studies discovered that most of failures related to individual career were due to the lack of entrepreneurial quality (Raduan, Kumar and Yen 2006). That
is the reason why entrepreneurial quality has become the central investigation in studies conducted, particularly in entrepreneurship. The quality of human capital development has become the critical element and the basis for the nation development (Norashidah 2008). Malaysia Prime Minister, Dato’ Seri Najib Tun Razak believes the graduates must be at the forefront of the Economic New Model (MEB) in order for Malaysia to become a developed nation in 2020. Under that proposition, Ministry of Higher Education is geared towards producing quality graduates through various programs and activities.

2. Literature Review

There are a number of studies conducted on entrepreneurial quality (Cumplido and Alcalde 2002; Cumplido and Linan 2007; Darroch and Clover 2005; Gurol and Atsan 2006; Koh 1996; Kuip and Verheul 2003; Litunen 2000; Sambasivan, Yusop and Mohani 2009; Shuhairimi, Azizi, Ku Halim and Saaodah 2009; Valtonen 2007). Most of these studies on entrepreneurial quality are in general and usually conducted within the contexts of Small Medium Enterprise (SME) and Small Medium and Micro Enterprise (SMME) (Anderson, Jack and Dodd 2005; Cumplido and Alcalde 2002; Darroch and Clover 2005; Sambasivan et. al 2009). According to Kuip and Verheul (2003) and Pickernell, Pacham, Jones, Miller and Thomas (2011), limited focus has been given to understanding the entrepreneurial quality in the graduate students context regardless its importance and potential.

Entrepreneurial quality has been looked as an important factor which affects the business potential such as in overcoming barriers as well as increasing the business survival (Darroch and Clover 2005). Entrepreneurial quality is essential in increasing the competitiveness of regional economy, not only the competitiveness of the entrepreneurs themselves (Cumplido and Alcalde 2002). University experience plays an important role in developing entrepreneurial potentials, focusing on equipping their graduates with knowledge and skills needed in business creation and innovation within corporations they work with, through the accumulation of transferable skills in the campus (Poon et. al 2009).

Universities as higher education institutions have been looked to develop more conducive and supportive environments of entrepreneurship in campus (Pickernell et.al 2013). This is due to the importance of university experience in developing graduate’s quality as graduates spend at least three to five years of campus life (Bath et. al 2004). During campus life, the students have developed some skills as well as qualities to be brought into their career in the future. During campus life also, graduates learn and gain benefits through the activities held in the universities and the changes of the graduates are considered as a reflection of the university experience (Narvaez and Rest 1990). Other than that, Barefoot, Jewler and Gardner (2009) stated that in university, graduates learn to manage their own life such as managing their time and finance. In addition, Narvaez and Rest (1990) concluded that university experience affects the stimulation of the intellectual which in turn will have impacts on how the graduates decide and overhaul morally. In this study, university experience consists of an examination of graduates’ perceptions of the elements of the university environment that are related to graduates’ quality and development.

Greene and Saridakis (2007) in National Council for Graduate Entrepreneurship Report suggested that higher education institutions should consider the way which they prepare individuals for entrepreneurship. University experience plays an important role in developing entrepreneurial potentials, focusing on equipping their graduates with knowledge and skills needed in business creation and innovation within corporations they work with, through the provision of transferable skills in the campus (Poon et. al 2009).

Universities as higher education institutions are hoped to develop more supportive environments of entrepreneurship in campus (Pickernell et.al 2011). This is due to the importance of university experience in developing graduate’s quality as graduates spend at least three to five years of campus life (Bath et. al 2004). During that period, the students have developed some qualities to be brought into their career in the future.

All graduates have gone through the university experience. Chickering, Arthur, McCormick and John (1970) who are the researchers in the human development field, pointed that individual quality develops
along which change that occurs during university or university years. Furthermore, Pascarella (1987) claimed that, the extent and quality of graduate’s involvement in university are the principal determinants of university impact on graduate’s development. Thus it shows that university experience has a positive influence with the graduate’s quality.

3. Methodology
Quantitative method was used in this study. The respondents for this research are graduates students in public universities in Malaysia. Probability sampling is a sampling technique in which every member of the population has a known and nonzero probability of selection (Zikmund et. al 2010). Probability sampling was chosen for this study as the sampling frame was available. The aim of this type of sampling is to reduce the sampling error to a minimum level (Cooper and Schindler 2011).

3.1 Population and Sample
In this study, the total population of graduate students in Malaysian Public Universities was obtained from Ministry of Higher Education Malaysia. The latest statistics is up till October 2016. From the total population, the sample size was identified used Krejie and Morgan (1970). A cluster sampling technique was used to determine the sample of the study. The major reason for cluster sampling to generate appropriate sample size economically, while maintaining the features of a probability sampling (Zikmund, et. Al 2010). In this case, clusters consist of types of the universities namely research universities, focused universities and comprehensive universities. The universities were selected at random and also proportionate numbers of students were selected using simple random method from each university to form the sample of the study.

3.2 Measurement of the items
Entrepreneurial quality in this study was defined as essential characteristics possessed by the graduate students. The instrument used for the measurement of need for achievement was adapted from Steers and Brauntein (1976). Furthermore, this instrument was also used by Lee (1997). The need for achievement consists of five items. The Cronbach’s alpha for this scale is 0.925. The instrument used for locus of control was adapted from Levenson (1974). The items for locus of control consist of three items. This instrument was also used by Lee and Tsang (2001). The Cronbach’s alpha is 0.85. The instrument used for the measurement of risk taking propensity was adapted from Jackson (1976). Furthermore, this instrument was used by Hyrsky and Tuunanen (1999). The items for risk taking propensity consist of three items. The scale has a Cronbach’s alpha of 0.789. The instrument used for the measurement of perseverance was adapted from Duckworth et. al (2007). The items for perseverance consist of three items. The Cronbach’s alpha for perseverance is 0.78. The instrument used for the measurement of independent was adapted from Steers and Brauntein (1976). Furthermore, this instrument was used by Lee (1997). The items for independent consist of four items. The Cronbach’s alpha is 0.89.

The instrument used for the measurement of creative and innovative was adapted from Zhou and George (2001). Furthermore, this instrument was also used by Kim, Hon and Lee (2010). The measurement for creativity consists of six items. The Cronbach’s efficient alpha for creativity is 0.96. For the measurement of knowledgeable, the items were adapted from Shane (2000). These items were used by Tang and Murphy (2012). University experience is defined as the psychological, social, learning and living aspects of the campus environment undergone by graduates. In terms of university experience, the measurement of constructs was adapted from Pace (1979) as these are established items that have a high reliability score. Items for university experience consist of seven items in a seven-point likert scale. The cronbach’s coefficient alpha is 0.80. This measurement of construct has been chosen as it was used previously by Meld and Hunter (1998).
3.3 Data Collection and Data Analysis
A total of 400 questionnaires were distributed to the graduate students in Malaysian Public Universities. Out of 400 questionnaires distributed, only 360 were collected for data analysis. Two universities from Research University category were selected, one university from comprehensive university and three universities from Focused University were selected in this study. A descriptive analysis and linear regression analysis through Statistical Package for the Social Sciences (SPSS) version 22.0 was used to examine the influence of university experience on entrepreneurial quality among graduate students in Malaysian Public Universities.

4. Findings and Discussion
University experiences influences the entrepreneurial quality among graduate students in Malaysian Public Universities

Table 1 shows the result of liner regression analysis for the university experience as an influence factor on entrepreneurial quality. The results shows that the university experience was significantly contribute to the entrepreneurial quality where the p = .000 is less than the value of alpha (.00 <.05). Regression test showed a significant relationship where university experience significantly affects entrepreneurial quality. The value of R^2 (R^2 = 0.285) contributes 28.5% towards entrepreneurial quality among graduate students in Malaysian Public Universities. Meanwhile, the value of coefficient (unstandardized Coefficients) or β = 0.619 is show the influence of university experience on entrepreneurial quality. When the score for university experience goes up a unit, the score for entrepreneurial quality will also increase up to 0.619 units.

Table 1
Regression analysis of the university experience and entrepreneurial quality

<table>
<thead>
<tr>
<th>Coefficients*</th>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td></td>
<td>(Constant)</td>
<td>1.450</td>
<td>0.186</td>
<td>7.779</td>
</tr>
<tr>
<td></td>
<td>University Experience</td>
<td>.619</td>
<td>0.051</td>
<td>.536</td>
<td>12.155</td>
</tr>
</tbody>
</table>

* Dependent variable: entrepreneurial quality
Adj. R Square: 0.285
ANOVA: F = 147.75 (p<0.05)

The influence of university experience on entrepreneurial quality among Malaysian Public Universities. This study found that the university experience was significantly influence the entrepreneurial quality among graduate students in Malaysian Public Universities. This findings was supported by Peace (1984), he found that university is responsible for many things in stimulating the student development and learning. This finding also in line with Shiri et al., (2012), where the university environment conditions become one of important factor that can affect the experience either strengthen or weaken student to become an entrepreneur. This findings also supported by Anderson (2011), in her studies claimed that university environment may influences the student’s life and development in future.

5. Conclusion and Implication
This research is hoped to provide several implications for theory. First, the entrepreneurial quality literature is expanded through this research, such as the examination of entrepreneurial quality in graduate students context. In addition, little is known about the antecedents of entrepreneurial quality. Guzman and Santos (1995) have come out with the Model of Entrepreneurial Quality. Inspired by the work, the researcher tested the concept of entrepreneurial quality in graduate students context in public universities in Malaysia. The findings of this study is hoped will serve as reference for higher education institutions which focus on tertiary education thus can potentially train the graduates in terms of entrepreneurial
quality that will eventually lead them to be successful people in the future. Nevertheless entrepreneurial quality among graduate entrepreneurs lacks empirical examinations (Pickernell et. al. 2011).

This study is hoped can be useful for Ministry of Higher Education, Higher Education Institutions as well as entrepreneurial associations in generating ideas and programs in order to develop entrepreneurial quality among graduate students in Malaysia. Ministry of Higher Education Institutions, entrepreneurial associations, graduates and societies themselves might use the information from this to collaborate with each other in programs to improve the existing educational systems and eventually produce better graduates in the future. The information from this research is hoped can assist Malaysia Government in order to realize the Economic New Model (MEB) that aim the graduates to be at the forefront of the in order for Malaysia to become a developed nation in 2020.

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Combination of Microcredit and Micro-Training with Mediating Role of Formal Education: A Micro-Enterprise Success Formula

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ABSTRACT

Purpose: The purpose of this study is to develop a distinctive formula (framework) for micro-enterprise success. As the success of micro-enterprise is under debate from many decades, however, the researchers and entrepreneurs are unable to find the unique factor to develop a comprehensive framework.

Design/Methodology/Approach: The current study is based on conceptual framework. Prior studies are used to develop the framework and hypothesis. Moreover, conclusion is based on literature review.

Findings: It is investigated that, microfinance factors (i.e., micro-credit and micro-training) has a positive relationship with micro-enterprise success. However, among all other microfinance factors (i.e., micro-saving, micro-insurance, social capital), micro-credit and micro-training have relatively higher effect on microenterprise performance followed by a level of education. Moreover, it is found that education mediates the relation between microfinance factors and micro-enterprise success.

Implications/Originality/Value: This study contributed to the body of knowledge by developing a micro-enterprise success formula for researchers and entrepreneurs, which ultimately improve the performance of micro-enterprises. Hence, the current study is beneficial for microfinance institutions and other practitioners to enhance micro-enterprise success.

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1. Introduction

There is a genuine problem with the term “success”, and it has different interpretations as well as perceptions in the small firm sector (Beaver, 2002, p. 98). The subject of micro-enterprise success is more popular among business researchers and entrepreneurs; each wants to explore definitive formula for success (Beaver, 2002). Success is frequently viewed by profitability; however, it becomes more complicated when trying to explore different success factors. For the success of micro-enterprise, microfinance institutions provide financial and non-financial services. Financial services include credit, saving, insurance and payment services to eligible candidates (Ledgerwood, 2000). Microfinance institutions are also providing non-financial services (Robinson, 2001). These services include training and skill development programs for micro-enterprise success.

It is important to identify the measure of success which is still undefined, but there are some general factors which influence the business success (Alsbury, 2001). Previous research studies on the relationship of different success factors and small business success are missing by the comprehensive framework and small business owners are aiming to find out the management strategies, personal characteristics and business objectives, linked most closely to small business success (Gadenne, 1998).

Additionally, suggested from literature, there is a need to study on credit, jointly with training on entrepreneurship in developing countries, as in low-income countries women lack educational level (Harrison & Mason, 2007; Ibru, 2009; Peter, 2001; Tazul, 2007). It is suggested from the literature that training and credit should go together, it does not matter whether training is little or more (Ibru, 2009; Kuzilwa, 2005). According to the literature, without training, microcredit cannot be an effective tool for poverty alleviation (Adams & Von Pischke, 1992; Imai, Arun, & Annim, 2010). By taking microcredit from microfinance institutes, poor people start microenterprises, but they need training to run these microenterprises. As Bernard, Kevin and Khin (2016) described that poor people start microenterprises through microcredit and run efficiently by getting training. Therefore, a combination of micro-credit and micro-training is adopted in this study to develop a framework for micro-enterprise success. Hence, the framework of the current study will follow the literature.

Nonetheless, micro-credit and micro-training are also not sufficient for small business success, but it also needs formal education for entrepreneurs. As mentioned, microcredit is not sufficient for success, but it also needs certain educational level (Atmadja, Su & Sharma, 2016). Because education increases the performance of micro-enterprises (Copestake, Bhalotra, & Johnson, 2001; Leach & Sitaram, 2002) and micro-credit is an initial invested capital with has a positive linkage with venture survival (Cooper, Gimeno-Gascon, & Woo, 1994). However, the literature shows that education has a mediating role among microfinance factor (e.g., micro-credit, micro-training) and micro-enterprise success. Literature endorses that training and education have a positive influence on enterprise performance (Akanji, 2006; Cheston & Kuhn, 2002; Kuzilwa, 2005). Therefore, there is a significant relationship between training and enterprise performance, education and enterprise performance. As competencies are not given by birth but through education (Lans, Hulsink, Baert, & Mulder, 2008). That is why education is vital to better learn from training and proper use of microcredit. That is the reason, micro-credit and micro-training have a significant relation with education. Hence, according to the Baron and Kenny (1986), education could be used as a mediator between microfinance factors (i.e., micro-credit, micro-training) and micro-enterprise success.

As the subject of small business success is more popular among business researchers and entrepreneurs, each wants to explore definitive formula for success (Beaver, 2002), that is why main objective of this research study is to develop a success formula (framework) for micro-enterprise success. To achieve the primary objective, study has also following sub-objectives:

2. Role of education to enhance the joint effect of micro-credit and micro-training on micro-enterprise success.

![Figure 1: Theoretical framework](image)

2. Literature Review and Hypotheses Development

Microfinance institutions should provide entrepreneurial training prior to the provision of micro-credit to selected clients for extension or initiation of micro-enterprise because most of the clients initiated businesses, but they could not efficiently run due to lack of management skills (Naeem et al., 2015). Therefore, micro-credit itself is not enough for micro-enterprise success. Training is crucial for better utilization of micro-credit, and it is an essential factor for entrepreneurs to run micro-enterprise effectively. Meanwhile, education is also vital for problem-solving ability, decision making, and teamwork skills (Fuente & Domenech, 2006; Magoutas et al., 2012; Switzer & Huang, 2007). Hence, micro-enterprise success formula heavily based on micro-credit, micro-training, and education.

2.1 Education and Micro-Enterprise Success

In the advanced competitive business environment, innovation and specialized knowledge playing a vital role towards growth and competitive edge (Mamun, 2016). Therefore, new knowledge creation through innovative methods implementation creates competitive advantage (Magoutas, Papadogonas & Sfakianakis, 2012). But the role of education is much crucial, as education is an important factor for innovation and research. Meanwhile, specialized knowledge improves problem-solving ability, decision making, and teamwork skills (Fuente & Domenech, 2006; Magoutas et al., 2012; Switzer & Huang, 2007).

More specifically, education is a vital factor for women micro-enterprise (Chirwa, 2008). Micro-entrepreneurs level of education was investigated predictor for enterprise performance because educated owner or manager can make decisions more efficiently as compared to others (Read, Song & Smit, 2009). Therefore, education is an important contributor to micro-enterprise success. According to Berry (1996), both general and special management education contributes to the success of the enterprise.

2.2 Micro-Credit and Micro-Enterprise Success

Literature provides the evidence that sufficient credit aids entrepreneurship performance (Gatewood et al., 2004; Lakwo, 2007; Martin, 1999; Olo, 2009). In result, credit provides assistance to entrepreneurs, especially women and it is often seen that it increases income, investment, output and welfare of entrepreneurs (Kuzilwa, 2005; Lakwo, 2007; Martin, 1999; Peter, 2001).

Credit has a positive impact on performance across the world. A research study in Kenya shows that credit has a positive effect on business performance (Peter, 2001). It also has a positive impact on income as well as the wellbeing of women in Uganda (Lakwo, 2007). In Nigeria, both credit and saving have positive consequences on performance (Olo, 2009). The positive impact of credit and training has also seen in Tanzania (Kuzilwa, 2005). Therefore, credit has significant positive linkage with micro-enterprise success. But economic performance mainly depends upon human capital which achieved through education (Streletzki and Schulte, 2013).
Most of the studies show that micro-credit has a significant positive relationship with micro-enterprise (Copestake, Bhalotra, & Johnson, 2001; Leach & Sitaram, 2002). However, few studies show the question mark on the effectiveness of micro-credit (Cull, Demirgüç-Kunt, & Morduch, 2009). It is due to the low level of education. As most of the poor people get credit and started micro-enterprise but due to not having enough educational level they cannot run efficiently. As literature proves that, most of the women from developing countries have a low educational level in term of poverty (Porter & Nagarajan, 2005; Roomi & Parrot, 2008). Therefore, due to low educational level, the effectiveness of micro-credit becomes limited. Thus, this study hypothesizes as follows:

**Hypothesis 1:** Micro-credit has significant positive relationship with micro-enterprise success

**Hypothesis 2:** Education mediate the relationship between micro-credit and micro-enterprise success

### 2.3 Micro-Training and Micro-Enterprise Success

Entrepreneurship training need was first recognized in early 1990 (Ladzani and Van Vuuren, 2002). However, very little training offered, and it was confusion about small business training and entrepreneurship training (Nieman, 2000). After that with an increase in time training become the prominent tool to enhance micro-enterprise and adopted by microfinance institutions.

Failure in business is due to the lack of skills (Radinpere and Van Scheers, 2005). Microfinance institution’s clients are unable to use microfinance factors properly because they do not have uniqueness (Karnani, 2007). Business owners have responsibility for acquisition of skills, and they need to learn that how should they learn (Unger et al., 2009). Basically, training addresses the issues relating to small-business such as problem-solving, business management, personnel management and time constraint (Perks and Smith, 2008). Nurtures of skills depend upon entrepreneurial training, and it enhances the entrepreneurial performance (Nieman, 2000). Furthermore, generation of new ideas can be affected by training activity (DeTienne and Chandler, 2004). Therefore, training has significant positive linkage with micro-enterprise success. But education also acts side by side with training because formal education is mandatory for practical implementation.

Nevertheless, a certain amount of knowledge is required for success; it does not matter it comes from training or formal education (Aldrich and Martínez, 2001). Education and training have a positive influence on business success (Simpson, Tuck & Bellamy, 2004). Entrepreneurship training is important to promote and enhance the performance of entrepreneurship (Glaub and Frese, 2011). Literature is showing the evidence that training has a positive influence on enterprise performance (Akanji, 2006; Cheston & Kuhn, 2002; Kuzilwa, 2005). But the role of education is unforgettable, as micro-entrepreneurs level of education was investigated predictor for enterprise performance because educated owner or manager can make decisions more effectively as compared to others (Read, Song & Smit, 2009). Thus, it is hypothesized that:

**Hypothesis 3:** Micro-training has significant positive relationship with micro-enterprise success

**Hypothesis 4:** Education mediate the relationship between micro-training and micro-enterprise success

### 3. Conclusion

This study provides a conceptual relationship between micro-enterprise and microfinance services such as micro-credit and micro-training. It is investigated that, microfinance factors (i.e., micro-credit and micro-training) has a positive relationship with micro-enterprise success. However, among all other microfinance factors (i.e., micro-saving, micro-insurance, social capital), micro-credit and micro-training have relatively higher effect on microenterprise performance followed by a level of education. It is found that education mediates the relation between microfinance factors and micro-enterprise success. By playing the role of mediator, education enhances the positive effect of micro-credit and micro-training on micro-enterprise success. Therefore, higher the level of education, higher would be the success of micro-enterprise and vice versa.

Provision of micro-credit after providing the micro-training to the owners or managers of micro-enterprise
can be more beneficial for micro-enterprise success. But the role of education is crucial to get a maximum outcome from micro-credit and micro-training. Hence, a combination of micro-credit and micro-training with some degree of education is a real micro-enterprise success formula.

Future research is required for the better justification of results. This could be done by collecting data from respondents. Other microfinance factors such as micro-saving, micro-insurance and social capital can also be crucial for micro-enterprises success. Therefore these elements can also be used in current framework for future research. Nevertheless, while reviewing the literature, it is observed that vulnerability has an influence on the relationship of microfinance services and micro-enterprise or women-empowerment. Hence, in future research environmental, social, political and economic vulnerability can be used as a moderator between microfinance factors and micro-enterprise success or women-empowerment. Additionally, the combined effect of three types of capital such as financial capital, human capital and social capital on women-empowerment through microfinance institutes is not examined in prior studies.

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