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JOURNAL OF BUSINESS STUDIES

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And other allied areas of business and management

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COMPREHENSIVE MODEL FOR UNDERSTANDING AND ENHANCING PRO- ENVIRONMENTAL PURCHASE BEHAVIOR: TOWARDS A CONCEPTUAL FRAMEWORK

Converging Value-Belief-Norm Theory (VBN Theory) and the Theory of Planned Behavior (TPB)

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Abstract

Inculcating pro-environmental purchase behavior is beneficial to both individuals and the society at large. The TPB has been generally applied to understand and examine pro-environmental purchase behavior. However, as the underpinnings of this theory are not adequate to understand the entire process of the development of pro-environmental purchase behavior, a more comprehensive theoretical framework is required. Combining the TPB with the VBN Theory provides such a comprehensive theoretical framework. Moreover, the presented model incorporates green perceived value and green Skepticism to predict pro–environmental purchase behavior strongly and to tackle the puzzle like green marketing myopia meticulously. It suggests that pro – environmental purchase behavior may be strongly predicted by pro- environmental purchase intention, green perceived value and green skepticism. The implications of this framework for theory and practice are discussed, as directions for future research, which would be of use to researchers and practitioners in the societal marketing field.

Keywords: Pro- Environmental Purchase Behavior, Value- Belief- Norm Theory, Theory of Planned Behavior

1.0 Background

Environmental problems such as global warming and pollution are identified and rationalized as more important global issues and make both individuals and organizations take measures for the preservation of the environment (Lobler, 2017). Environmental problems initiated the environmental issues with marketing, in which environmental management and marketing are integrated to focus on pro-environmental consumerism especially in the hyper competitive environment. Moreover, pro-environmental consumerism is focalized by researchers and practitioners as one of the newly-emerged and extensive concept in marketing, which encompasses all marketing activities that are carried out to motivate and strengthen favorable environmental attitudes, purchase intentions and behaviors towards eco-friendly products (Nelson, 2016). Interestingly, to advance a country's green revolution, scholars assert that the role of consumers is essential. This

assertion is supported by the evidence that environmental degradation has been brought about by the consumption activities (Zhu & Sarkis, 2016). Hence, to better understand the environmental movement of a particular nation, an examination of how consumers view and feel about ecological issues, and how they behave accordingly, serves as a good starting point. In line with the above facts, scholars in the Asian and developing countries document that, absence of green consumption is the crucial issue to make the nations green (Kumar et al., 2017; Liobikienė et al., 2017).

Sociology, Environmental Studies and Human Behavior are combined to give the new insights to the marketing paradigm in the standpoint of pro-environmental consumerism. Further, the concept as the pro-environmental consumerism is placed as the prominent research theme to find out the cues in developing countries and developed countries (Grimmer& Woolley, 2014). Scholars in the pro-environmental behavior document that, studies are necessary to explore the new insights into the developing countries from the studies in this region seem to be a complicated one. Meanwhile, cultural value orientations in developing countries are different from those of developed countries (Bailey et al., 2016). Moreover, these days, environmental issues are viewed as the pressing problems among many Consumers, Policy Makers, Environmentalists, Government and Non-Governmental bodies. This is why, the practice of green marketing and the theme as "Going green" are extending to the Asian region where environmental threats

are damaging the welfare of the society and citizens (D'Souza et al., 2015).

In Asian Region, newly industrialized Countries like Malaysia, China, and Singapore, etc. started to initiate the environmental issues as the major concern in the recent decade. Meanwhile, its environment quality legs far behind when compared to the developed countries. Further, D'Souza et al. (2015) and Bailey et al. (2016) note that, government policies and business strategies in many Asian countries are being reshaped to give more consideration for long-term sustainable development including environmental protection. Moreover, Asian Region aspires to motivate people to choose healthy/organic food products, reduce pollution through new regulations and involve in less carbon emission policy. Based on the overall picture of the green issues and its trend in the Asian region, empirical studies on green consumption are much needed to get the new cues. Based on the above underpinnings, researchers intend to develop the integrated model for understanding and enhancing pro-environmental purchase behavior.

2.0 Underpinning Theories

This aspect is directed towards theories and approaches of green marketing, consumer behavior and pro-environmental purchase intention & behavior, which give basic direction to construct the model. Importantly, this fragment explicates 1) Model of Consumer Behavior, which is investigated in the light of the marketing environment, buyers' characteristics and buyer's decision process to understand the consumerism. 2) Theory of Reasoned

Action and Planned Behavior, which is aimed at explaining the value – attitude-intention – behavior relationship with respect to consumer behavioral research. Further, TPB elucidates the facts that high accuracy from attitudes toward the behavior, subjective norms and perceived behavioral control are able to predict the intentions to perform behaviors of different kinds; and these intentions together with perceptions of behavioral control account for considerable variance in actual behavior. 3) Finally, Altruism and Pro-Social Behavioral Theory are utilized to explicate the facts that the personal norm is a key determinant that bridges the value action gap as a moral obligation go beyond the behavioral intention and activates the actual behavior.

2.1 Theory of Consumer Behavior: Marketing Perspective

Stakeholder theory covers and investigates the parties who are interested in a particular organization. Stakeholder theory is broad as far as the theoretical and practical scenarios are concerned. Even though, it highlights that customers in the interested parties should be considered as the key element in the business activities and its success. Further, customers are also considered and recognized as the most valuable assets in the world of marketing. Marketing should identify and satisfy the target customers' needs and wants. As a result, the field of consumer behavior takes the important place among scholars and industrialists to study the way how individuals, groups and organizations select, buy, use and dispose of goods, services, ideas or experiences to satisfy their needs and desires.

Understanding consumer behavior is complex; it depends on various factors as (1) Marketing Stimuli (Product, price, place and promotion), (2) Other Stimuli (Economic, Technological, Political and Environmental factors), (3) Personal and psychological factors of buyer's (Personality, Learning, Motivation etc.). Those factors directly and indirectly influence the buyer decision making process. Problem recognition, information search, evaluation of alternatives and post purchase behavior are chosen to explain the complex consumer behavior model (Kotler & Armstrong, 2013).

Based on the aforementioned viewpoints, this study investigates the factors influencing purchase behavioral intention in the light of green consumerism. Studies on green consumerism differ from general consumerism. Generally, the cost and benefits of the products and services are assessed by consumers. Individual benefits are considered as the key fact, while, cost also is associated with benefits to measure the customer value creation. In contrast, both individual and social benefits relating to environmental concern & attitude, nature & its future and resource allocation are renowned as the key elements in the green consumerism (Kotler & Keller, 2006; McCarty & Shrum, 2001). In line with this, pro-environmental purchase behavior is investigated in this study, which gives the different path or direction to focus on the social benefits and long term sustainability through the green consumerism.

2.2 Theory of Planned Behavior

In 1991, Ajzen framed the TPB as the extended model, which was developed

as the extension of the theory of reasoned action. Theory explains that high accuracy from attitudes toward the behavior, subjective norms and perceived behavioral control are able to predict the intentions to perform behaviors of different kinds; and these intentions, together with perceptions of behavioral control, account for considerable variance in actual behavior. The TPB (Ajzen, 1991) presents intention dependent upon three factors: (1) The individual's attitude toward the behavior (2) Subjective norm and (3) Perceived behavioral control.
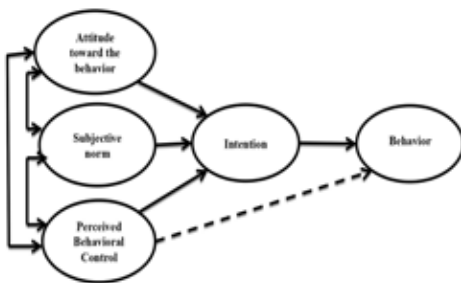
Figure 1: Theory of Planned Behavior
Source: Ajzen (1991), Theory of Planned Behavior

Attitude

Attitude towards performing behavior refers to perceptions of personal desirability to perform the behavior (Ajzen, 1991). It depends on the expectations and beliefs about the personal impacts of outcomes resulting from the behavior.

Subjective Norm

The TPB holds that subjective norm is a function of beliefs. If a person believes that his or her referents think that behavior should be performed, then the subjective norm will influence his or her intention to perform that particular behavior. The referents here refer to a group of people who are close to the individual, for instance family, peers, spouse, close friend, teachers and anyone considered important in the individual's life (Ajzen, 1991).

Perceived Behavior Control

Perceived Behavior Control reflects the perceived ability to execute target behavior (Ajzen, 1991). It relates to an individual's perception on the degree of easiness and difficulties in performing such behavior, and it is assumed to reflect past experience as well as anticipated obstacles (Ajzen & Driver, 1992). This construct is affected by perceptions of access to necessary skills, resources and opportunities to perform the behavior. If an individual feels that he or she has control over the situational factors, he or she may develop the intention to perform the particular behavior. On the other hand, if an individual does not have control over the circumstances, he or she may not have any or low intention to perform the particular behavior.

2.3 Theory of Planned Behavior and Pro- environmental purchase behavior

TPB has been used in numerous studies in consumer behavior towards green issues (Arvola et al., 2008; Aertsens et al., 2009 ; Albayrak et al., 2013; Chen & Tung, 2014; Nguyen et al., 2016; Yadav & Pathak,2016 ; Alcock, et al., 2017; Grimmer & Miles, 2017). In this way, based on the TPB, Moe (2007), Aertsens et al. (2009) and Nguyen et al. (2016) focus the study on sustainability; the study defines green purchase intention as "selectively choosing products with less environmental impact when purchasing

goods", which means the green consumer tends to purchase green product to reduce the harmful effects on the environment. In addition, green purchase intention is defined as the probability and willingness of a person, which are directed to purchase the eco-friendly products over non - green products in their purchase decisions. Further than, Beckford et al. (2010), Yadav and Pathak (2016) and Alcock, et al. (2017) explore that green purchase intention is a considerable predictor of purchase behavior towards green consumerism; it denotes that purchase intention is positively associated with the probability of a customer decision that the customer will buy the green products. In a supportive way, Chan (2001) and Grimmer and Miles (2017) point out that environmental concern is highly associated with intention, which will lead to behavior towards green aspects finally.

In contrast, study findings of Ohtomo and Hirose (2007), Chaplin and Wyton (2014) and Caruana et al. (2016) reveal some interesting aspects that green consumer behavior is not influenced by the intention; in other words, green purchase intention does not provide the path for behavior. A person who holds the environmental concern and knowledge does not put the effort to purchase green products; such issues are called or named as the value – action gap. It means that, although the customers show the intention to purchase the green product, they are not in a position to exercise the actual performance. Several factors on value-action gap as individuality, responsibility and practicality are identified and discussed by Blake (1999); Chaplin and Wyton (2014) and Warde (2017) .In this context, individual barriers are those that are person-specific related to that individual's attitudes and beliefs. An individual who is not interested in environmental issues or feels that other topics require more attention is less likely to adopt an environmental behavior. The second is the responsibility; it is the common barrier to action regarding environmental issues. Many individuals feel that one person should not be responsible for the health of the environment or that one person's action cannot make a difference, leading many people to not adopt an environmental behavior. The final barrier practicality, represents constraints that would prevent an individual from taking action. By feeling that they lack time, money, or information, many individuals feel unable to adopt an environmental behavior, even if they have a positive attitude towards it. In the supportive view, several research findings proved the value- action gap and its consequences in the green consumerism (Chaplin & Wyton, 2014; Martin, & Väistö, 2016; Caruana et al., 2016; Warde, 2017). Therefore, researchers in this work mainly concentrate on the main puzzle as Value-action – gap in green consumerism to enhance the predictability of the pro-environmental purchase behavior.

2.4 Theory of Altruism and Pro-Social Behavior

Model of altruism and pro-social behavior is considered as the prominent conceptual framework to discuss the pro- environmental behavior. In which, "Pro-Social" is defined as "Voluntary intentional behavior that results in benefits for others, the motive is unspecified and may be positive, negative or both" (Eisenberg & Miller, 1987). In this

view, altruism is a subset of pro-social behavior and scholars frame their models and assumptions based on theories of altruism claiming altruism as a key feature for supporting pro-environmental behavior (Samarasinghe, 2012). Further, this theoretical framework has two assumptions: 1) A Person with a strong selfish and competitive orientation are less likely to resort to pro-environmental behavior (Pro-self); 2) People who satisfy their personal needs are more likely to act pro-environmental behavior, because they have more resources (time, money and energy) to care about larger pro-environmental issues (Samarasinghe, 2012).

Under the Altruism and Pro-Social Behavior Theories, two models as Norm Activation Theory of Altruistic Behavior" (Schwartz, 1977) and "Value-Beliefs-Norm Theory - VBN Theory (Stern, 2000) are discussed.

2.5 Norm-Activation Theory of Altruistic Behavior

Universal value system, which scrutinizes the behavior as a function of beliefs about the consequences of actions and norms about personal responsibility to undertake a specific action in response is introduced in this theory (Schwartz, 1977). This theory postulates that awareness of consequences, awareness of needs, situational responsibility, efficacy, ability and denial of responsibility are the determinants of personal norm, which in turn activate the behavior. Activation of a "Personal Norm" is viewed as the important antecedent of pro-environmental behavior. When the individual perceives that unfavorable event is occurred with individual well-beings, others well – beings and nature through environmentally harmful events, activation of norms takes place. In which, personal norm is experienced and considered as the moral obligation to protect the environment from the environmental threats and pollution. Thus, this theory explicates that the individual's general and environmental value orientations influence the personal norms.
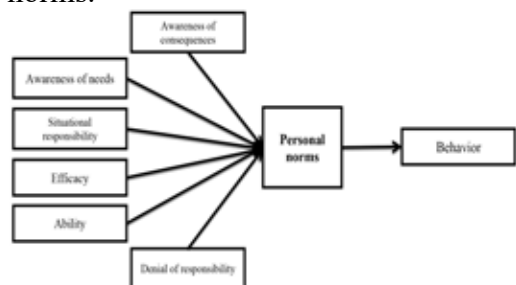
Figure 2: Norm-Activation Theory of Altruistic Behavior
Source: Schwartz, 1977, Norm-Activation Theory of Altruistic Behavior

2.6 Value – Beliefs - Norm Theory - VBN Theory

Value – Beliefs - Norm Theory - VBN Theory was framed by Stern (2000). This model is an extension of the norm - activation theory. This value – belief - norm theory is originally an explanation of altruistic behavior but specially is extended to pro-environmental behavior (Samarasinghe, 2012).According to the previous theories as value theory (Schwartz, 1992), norm-activation theory (Schwartz, 1977) and the new ecological paradigm (Dunlap et al., 2000), Stern (2000) documents that personal norm is a key determinant that bridges the value action gap as a moral obligation and activates the actual behavior, in which human value orientation is adopted.

And values are categorized into three constructs as 1) egoistic orientation, which is concerned with the removal of suffering and harm from oneself; 2) altruistic orientation, which is concerned as the social orientation; 3) biospheric orientation which is concerned with the removal of destruction and suffering in the non-human world. Those constructs are prerequisites for attitude formation and norms that determine actual behavior.
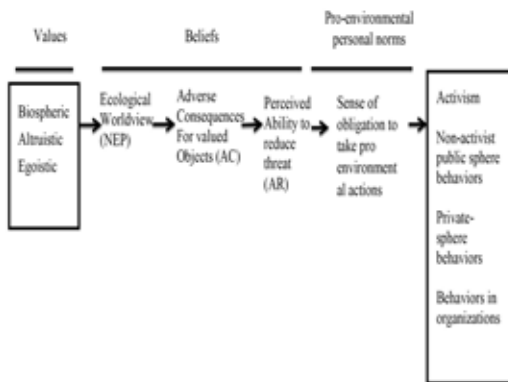
Figure 3: Value – Beliefs - Norm Theory - VBN Theory
Source: Stern (2000), Value – Beliefs - Norm Theory - VBN Theory

3.0 Development of Conceptual Framework

Drawing on the critical review of TPB and VBN Theory with the customer centric concept as green perceived value, this work proposes the comprehensive model to predict and enhance the pro-environmental purchase intention and behavior. Researchers in this work converge the TPB and VBN Theory to enhance the predictability of pro-environmental purchase behavior. The main underpinning reason for merging the two theories is to enhance the predictability of pro- environmental purchase intention and behavior. In general, such pro-environmental intention or behavior is activated by either pro-social or self-interest motives. Researchers who view individuals' environmentally responsible intention and behavior as being stimulated by pro-social motives generally utilize the VBN Theory, while researchers who consider eco-friendly intention and behavior as self-interest motives mostly rely on rational-choice models such as TPB (Wei et al., 2017 ; Lin et al., 2017).

Existing research findings in green consumerism using TPB revealed that the attitude towards behavior, subjective norm and perceived behavioral control influence the purchase intention towards eco- friendly products. Meanwhile, pro-environmental personal norm also well predicts the green purchase intention in the light of VBN Theory (Arvola et al., 2008; Aertsens et al., 2009; Albayrak et al., 2013 ; Chen & Tung, 2014; Nguyen et al., 2016; Yadav & Pathak,2016 ; Alcock, et al., 2017; Grimmer & Miles, 2017). However, researchers in the field of green consumerism mainly concentrated their research works using either the TPB or the VBN Theory. Moreover, personal norm is the unique factor, which activates the obligation of individuals towards eco- friendly purchase than the three unique factors as attitude towards behavior, subjective norm and perceived behavioral control extracted from TPB (Thøgersen & Ölander, 2006; Pickett-Baker & Ozaki, 2008; Klöckner, 2013). Therefore, researchers intend to create the hybrid model by incorporating the factors like attitude towards behavior, subjective norm and perceived behavioral control mined from the TPB and personal norm extracted from the VBN Theory. Hope, this model well predicts pro-environmental purchase intention and

behavior than the factors or antecedents extracted from single theory.
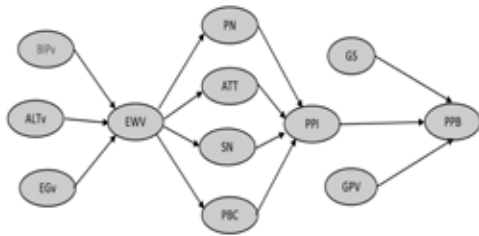
Figure 4: Integrated Model of Pro- Environmental Purchase Behavior

Where:

BIPv	: Biospheric Value	
PBC	: Perceived Behavioral Control	
ALTv	: Altruistic Value	
GPV	: Green Perceived Value	
EGv	: Egoistic Value	
PPI	: Pro- Environmental Purchase intention	
EWV	: Ecological World View	
PPB	: Pro- Environmental Purchase Behaviour	
PN	: Pro- environmental Personal Norm	
GS	: Green Skepticism	
ATT	: Attitudes towards Behavior	
SN	: Subjective Norms	

Surprisingly, pervious researchers in the area of green consumerism predominantly ground the works using the factors with related to the pro- environmental aspects. It further implies that researchers failed and missed to distillate the main theme as the green perceived value. Generally, the green perceived value is the core fact in customer centric aspect, in which functional and emotional benefits are investigated with environmental concern (Chen & Chang, 2012 ; Chen, 2013) But, existing research findings miscarried to find the cues that the extent to which actual performance of the products along with environmental concern influence on pro- environmental intention and behavior. This disparity is called as green marketing myopia (Ottman et al., 2006). On the whole, above discussion directs the researchers to construct the comprehensive model. The presented model might resolve the main puzzles in green consumerism literatures as value – action gap and green marketing myopia. Green marketing myopia might be resolved by incorporating the green perceived value into the model as the antecedent variable of the pro-environmental purchase behavior. It suggests that people who concentrate on the actual performance of the products along with the environmental quality of the products likely prefer to purchase the green products than the traditional one. Value – action gap might also be resolved by enhancing the predictability of purchase intention through converging the TPB and the VBN Theory. Further than, green skepticism also might influence the predictability of the pro-environmental purchase behavior in the dynamic environment.

To this end, incorporating the various pro – environmental oriented factors extracted from TPB and VBN theory, customer centric variable as green perceived value and green skepticism make this model comprehensive one.

3.1 Underpinning Variables in the proposed model

Biospheric value, Altruistic value, Egoistic value and Ecological World View

VBN Theory assumes a hierarchical model where individual value orientations directly influence beliefs, and thereby

attitudes and behavior by filtering the information to be evaluated. More detailed analysis of each of the variables considered in this theory reveals, on the first level, value orientations, which are classified as biospheric, social or altruistic and egocentric or selfish (López-Mosquera & Sánchez, 2012; Han et al., 2010). Biospheric value is linked to the nature and biosphere; altruistic value is concerned with the welfare of others; and egoistic value emphasizes maximizing individuals' benefits.

In VBN Theory, the role of value and ecological worldview is emphasized. Ecological worldview (New ecological paradigm) indicates "the propensity to take actions with pro-environmental intent". In this context, value orientations such as biospheric, altruistic, and egoistic values are directly related to the ecological worldview. Unlike egoistic values that lose the environmental worldview, biospheric and altruistic values are likely to hold it. (López-Mosquera & Sánchez, 2012; Han, Hsu & Sheu, 2010). Above arguments strain that biospheric, social or altruistic and egocentric or selfish value influence on ecological worldview.

The propensity to take action with pro-environmental intent taps the consumers' mind pleasantly to evaluate the environmental aspects and perceive the moral responsibility to take care of the environment from the harmful effects. Moreover, the propensity to take action with pro-environmental intent enhances the consumers' confidence to act as the residents who concern about the environment. To this end, pro-environmental intent directs the people to encourage others to consider the

environmental concern also.

Therefore, the following hypotheses are formulated.

H_1: Biospheric value influences the ecological world view

H_2: Altruistic value influences the ecological world view

H_3: Egoistic value influences the ecological world view

H_4: Ecological world view influences the attitude towards behavior

H_5: Ecological world view influences the subjective norms

H_6: Ecological world view influences the perceived behavioral control

H_7: Ecological world view influences the personal norms

Attitudes towards behavior, Subjective norms, Perceived behavioral Control and Personal norms

As we earlier pointed out, three important variables like attitudes towards behavior, subjective norm and perceived behavioral control are mined from TPB. Personal norm is extracted from VBN Theory. Though, the extraction of those underpinning factors ensures their unique character and the association between pro-environmental purchase intention and behavior. In this way, attitude toward the behavior refers to "the degree to which a person has a favorable or unfavorable evaluation or appraisal of the behavior in question". It further implies that, "Individuals value judgment of environmental protection, which taps the individuals' cognitive assessment of

the value of environmental protection" (Lee, 2008). Environmental attitude is identified as an important predictor of the green purchase intention and behavior in Western and Asian literature (Crosby et al.,1981; Jobber, 2007; Mostafa, 2007; Lee, 2008; Mei et al.,2012 ; Arttachariya, 2012).

Subjective norm is whether an action should or should not be performed by respondent in a referents' point of view. Referents could be parents, friends, neighbors, relations .It denotes to the perceived social pressure to perform or not to perform the behavior. Several studies have been conducted on the theme that subjective norm is the significant predictor variable of pro- environmental purchase intention and behavior. And, the relationship between those variables are proved and documented in the Western and South Asian literature (De Leon & Fuqua, 1995; Lee, 2008; Baker & Ozaki, 2008). Further, Perceived behavioral control in pro- environmental fact is the judgment of an individual about the way and the extent of the environmental effects of his or her behavior. Further, it differs from person to person, because of the dissimilarity in individuals' personal knowledge and life experience. Some people have thoughts that, their actions hold evolutionary results whereas others may have little confidence in their abilities to make any difference. In line with this, the relationship between perceived behavioral control and pro-environmental purchase intention and behavior is documented and supported by previous Western and Asian empirical works (Ellen et al., 1991; Lee & Holden, 1999; Kim & Choi, 2005; Chen, 2007; Lee, 2008).

The VBN Theory assumes that one's eco-friendly intention and behavior is determined by pro-environmental personal norms; and these personal norms are activated by the sequential process of values / ecological worldview (Stren, 2000). Overall, above discussions pinpoint that, attitudes towards behavior, subjective norm and perceived behavioral control extracted from the theory of planned behavior and personal norm mined from value- belief – norm theory influence the pro-environmental purchase intention and behavior. Researchers in this work have an intention to develop the hybrid model to predict the pro- environmental purchase behavior. Hope, the integration of those mentioned variables ensure the predictability of the pro- environmental purchase intention and behavior. Hence, the following hypotheses are formulated.

H_8: Attitudes towards behavior influences the pro- environmental purchase intention

H_9: Subjective norms influences the pro-environmental purchase intention

H_{10}: Perceived behavioral Control influences the pro- environmental purchase intention

H_{11}: Personal norms influences the pro-environmental purchase intention

Pro- Environmental Purchase intention, Green Skepticism, Green Perceived Value and Pro- Environmental Purchase behavior

Behavioral intention can be described as "an indication of how hard people are willing to try, of how much of an effort they are planning to exert, in order to

perform the behavior". According to the above facts, attitudes towards behavior, subjective norm, perceived behavioral control and personal norm influence the pro-environmental purchase intention, which in turn lead to pro- environmental purchase behavior. However, there is a gap between purchase intention and behavior due to the barriers in terms of individuality, responsibility and practicality. We, researchers in this work though that, green perceived value might bridge this gap due to its applicability in the customer – centric research. Green perceived value is well defined as "a consumer's overall appraisal of the net benefit of a product or service between what is received and what is given based on the consumer's environmental desires, sustainable expectations, and green needs" (Koller et al., 2011; Chen, & Chang, 2012; Chen, 2013). It further implies that, pro–environmental purchase intention strongly leads to behavior among the customers who enjoy the actual performance of the products along with the high environmental quality. Further, researchers in this work anticipate to incorporate the green skepticism and its role in the value- action gap (do Paço & Reis, 2012 ; Matthes & Wonneberger, 2014). It further signifies that doubts about the green products in consumers' mindset make them to purchase eco-friendly products less and less, even if they have favorable environmental attitude and concern. Therefore, the following hypotheses are formulated.

H$_{12:}$ Pro- environmental purchase intention influences the pro-environmental purchase behavior

H$_{13:}$ Green perceived value influences the pro- environmental purchase behavior

H$_{14:}$ Green Skepticism influences the pro- environmental purchase behavior

4. 0 Implication for Theory and Practice

Researchers already paid attention to reveal the extent to which environmental attitude and other pro-environmental related factors like subjective norms, perceived behavioral control and personal norms influence on pro-environmental purchase intention and behavior (Wei et al., 2017; Lin et al., 2017). Due to this, this way of research findings miscarry to take the real fact behind the green perceived value of the products and its influence on the purchase behavior. In this context, the green perceived value of the products makes the customers satisfied and concern about the environment also. It further infers that the studies related to pro-environmental purchase behavior in the light of pro-environmental oriented factors consider the environmental concern only not the green perceived value (Chen & Chang, 2012; Chen, 2013).

This issue is called as green marketing myopia. Green marketing must satisfy two objectives: improved environmental quality and customer satisfaction. Misjudging either or overemphasizing the former at the expense of the latter can be termed "green marketing myopia." To this end, the green perceived value resolves the main puzzle as green marketing myopia by incorporating the facts like performance of the products and environmental concern. Here, the perceived performance of the products

along with the perceived environmental quality of the products make the customers satisfied as the people who concern about both the environmental issues and actual performance of the products (Ottman et al., 2006). Moreover, consumers in this era have some doubts on the green claims of the organization. Sceptics entertain doubts about what other people say or do. But he or she can be convinced when proofs are shown. Skepticism is a cognitive reaction that varies in accordance with the occasion and the content of the communication. In line with the above arguments, doubt about the green claims of the products makes confusion to prefer the green products. This issue is called as green skepticism and ignored by marketing academics and practitioners. Importantly, green skepticism makes a major barrier to prefer or like the green products. Therefore, by incorporating pro-environmental factors, green perceived value and green skepticism in a single study may resolve the major puzzles in the green marketing field as value- action gap and green marketing myopia.

5.0 Limitation and Future Research Direction

This work concentrates on the conceptual development towards pro-environmental purchase intention and behavior. Here, researchers utilized the two main theories as TPB and VBN theory to construct the conceptual model to predict the pro- environmental purchase behavior. Future scholars in this field may focus on various theories to predict the purchase behavior related with green products. This study didn't test the model

through the appropriate techniques to come to the generalization. Therefore, future researchers may take these facts to consider the different market segments in terms of geographical, demographical and psychographic aspects to check the level of generalization and the validity of the model.

6.0 Conclusion

Resources are limited and human wants are unlimited in the planet. Therefore, it is important for the marketers to utilize the resources effectively and efficiently without having waste as well as to achieve the organizational objectives (Lobler, 2017). In this context, Social, cultural, economic and psychological factors and its influence on sustainable consumer behavior take the prominent place in marketing research. Based on the above point, there is a paucity of research works on the green issues in the social research and its practices. In recent years, the topic of sustainable consumerism has been captured and initiated by researchers and practitioners with unprecedented attention in both developed and emerging countries. In this standpoint, such understanding or finding helps Government officials, educators, business organizations and policy makers in the Asian Region and other countries in globalized level, to enhance the sustainable aspects with consumption issues among public and hence reduce the harmful effect on the environment, which, in turn develop the sustainable aspects in the long term perspective.

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STRATEGIC HUMAN RESOURCE MANAGEMENT PRACTICES OF WESTERN MNES IN AFRICA: STANDARDIZATION, LOCALIZATION OR BOTH?

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Abstract

When Western multinational enterprises seek to transfer their preferred strategic human resource management (SHRM) practices to their subsidiaries in Africa, they face numerous challenges. Some of these challenges arise from Africa's particular cultural and institutional features. In Africa, parent country nationals (PCNs) prefer to standardize SHRM practices embedded in western values while host country nationals (HCNs) prefer to localize practices in accordance with African cultural and institutional specificities. This conceptual paper analyzes research on the motives and strategies for standardization and localization of SHRM practices and develops a set of propositions on how these practices are utilized in African subsidiaries of western multinationals. On the basis of published case examples I illustrate preferences for standardization, localization and a combination of both approaches. I discuss the implications of my study in terms of future research directions and lessons for practitioners.

Keywords*: MNEs, Africa, HRM, HCNs, PCNs, localization, standardization, dual approach.*

1.0 Introduction

A multinational company decided to try to boost employees' morale and enhance the productivity of employees by providing them with lunch. The workers resisted management's action and demanded that instead the cost of the meal be paid directly to them. The workers queried the action of management with the reasoning, 'How can we eat while our families go hungry?'

The above situation described by Schneider (1998: 238), relates to a Western multinational enterprise (MNE) operating in Africa. It demonstrates the collectivist culture of Africa and the challenges arising when western MNEs seek to implement company practices from their home country in their African subsidiary operations without taking sufficient account of local specificities; which are numerous and include cultural as well as institutional aspects.

Africa is deemed the most ethnically and linguistically diverse region of the world, with African ethnicities characterized by economic traits and distinct cultural norms (Michalopoulos & Papaioannou, 2013, 2015). The level of inequality across ethnic groups in Africa is

much higher than in other continents and differences in geographic endowments across ethnic localities and the inability of central governments to manage those intensify the already existing ethnic disparities (Alesina, Michalopoulos, & Papaioannou, 2012).

In addition, many African economies are believed to be institutional voids (Gardner, 2011) with several culturally-grounded challenges (Osabutey, Nyuur, & Debrah, 2015). Gardner (2011: 1) attributes the prevalence of these institutional voids as creating the basis for social contracts – "beliefs, unwritten rules of behavior, familial ties, social and moral norms of a given social community'; and social institutions – "the social hierarchy as promoted by traditional and religious leaders". In other words, in the absence of strong institutions, social norms regarding expected behavior prevail.

Notwithstanding the above challenges Africa has significant strategic investment prospects. Referred to as 'lions on the move' (McKinsey Global Institute, 2010), it has a population of over one billion in its 54 countries and emerging economies such as Botswana, Ghana, Mauritius, Cape Verde, Lesotho, Mauritania, Namibia, South Africa and Swaziland are making great strides in economic performance (Kehl, 2007). In 2014 Africa became the second largest recipient of capital investment (which had a nominal value of US$127.9 billion) and the fastest-growing destination for foreign direct investment (FDI) funding. A total of 188,400 jobs were expected to be generated from these FDI investments in 2014 against 112,200 new jobs created in 2013 (Ernst

& Young, 2015). Expansion into Africa is indeed part of a growth cycle that involves increases in FDI of Western MNEs.

Regardless of Africa's increasing economic importance, compared to developing economies in Eastern Europe, Asia, and Latin America, academic research on Africa is relatively weak (Bloom, Canning, and Chan, 2006). Though research on human resource management (HRM) and general management in Africa has been increasing (Aryee, 2004; Budhwar & Debrah, 2001; Jackson, 2004), Africa has relatively been "truly terra incognita" in the field of strategic management (Mellahi & Mol, 2015: 202) despite strategic management's "theorized importance to the competitiveness of firms and the fact that Africa ranks amongst the least in global competitiveness of firms" (Adeleye & Anibaba, 2014: 286).

Against a background of regional diversity and strategic opportunities but limited academic research, the present paper focuses on the cultural and institutional challenges that western MNEs face when they seek to transfer their preferred strategic human resource management (SHRM) practices to their subsidiaries in host nations in the African continent. SHRM is "the pattern of planned human resource deployments and activities intended to enable the firm to achieve its goals" (Wright & McMahan, 1992: 298) and has four components: HR as the primary resource to be leveraged as a source of competitive advantage; HRM programs, policies and practices as the means through which people are deployed to gain competitive advantage; the importance of fit with the firm's

strategy and alignment across HRM activities; and goal achievement with an emphasis on maximizing organizational performance (Wright, 1998). Kostova (1999) points out that the success of the transfer of practices is determined by the diffusion of rules describing the practices, and the value and knowledge associated with the practices.

When MNEs endeavor to transfer SHRM practices to their foreign subsidiaries, they typically achieve either standardization or localization of practices. Smith (2008: 319) observes that "there is little doubt that effective management is a blend of universal processes and specific local issues. The question that remains open for debate is the relative preponderance of the universal and the local". The prevalence of universal or local issues can result from a dilemma between satisfying the interests of the parent company or those of local stakeholders (Kostova & Roth, 2002) and this leads to decisions about the degree of standardization or localization that occurs. Such standardization or localization may be strongly influenced by whether the managers of the subsidiaries are parent country nationals (PCNs), also known as expatriates, or host country nationals (HCNs), also known as local staff. In this paper I explore how PCNs and HCNs in western MNE subsidiaries influence the extent to which SHRM practices reflect standardization or localization and examine where a dual approach may result from interplay of the local context and parent country practices. In so doing I extend the scholarly conversation on

challenges that western MNEs face when transferring their SHRM practices to less developed countries to an examination of Africa. Given its importance and diversity, Africa provides a fascinating research context.

The remainder of this article is organized as follows. In the following section I provide an overview of Africa's cultural and institutional context. I then present my analysis of the standardization of SHRM practices, localization of SHRM practices, and integration of localization and standardization in a dual approach to SHRM practices. I illustrate this discussion with case examples from countries that represent the geographic scope and cultural diversity of the continent – Nigeria in the West, Tunisia and Algeria in the North, Tanzania in the East and Mozambique in the South-East. my key arguments are synthesized in a set of theoretical propositions and I provide a model which depicts and puts together these propositions. In the final section I conclude and suggest directions for future research, and outline implications for practice.

2.0 The Literature Review Method

I used the following key concepts stated in the propositions namely, "western MNEs", "standardisation", "localisation", "HCNs", "PCNs" "HRM practices", "interplay" to search for articles on SHRM practices in MNEs. I also conducted further searches using the following data sources: Science Direct, Google Scholar, Emerald Journal, Emerald Management Xtra, ABI/INFORM, Business Monitor International, JSTOR, Science Direct,

and Wiley Online Library, among others. I conducted both forward and backward snowballing. Forward snowballing refers to "identifying articles that have cited the articles found in the search and backward snowballing from the reference lists" (Jalali & Wohlin, 2012: 29). Backward snowballing starts with the knowledge of a few articles in the areas of interest and finding out from the reference lists those relevant articles that have been cited and subsequently retrieving them. The process continues with new articles retrieved until no more relevant articles are found (Sayers, 2007). I snowballed from the reference lists of journal articles and books to identify additional relevant sources of literature. Some of the books were mentioned in the reference lists of journal articles. Some of the major journals and books included in this study are: *Academy of Management Review, International Journal of Management Reviews, Journal of International Business Studies, Journal of Management, Global Strategy Journal, Africa Journal of Management, The Academy of Management Perspectives* and other books including *The Routledge Companion to Business in Africa, Managing Human Resources in Africa, Handbook of Human Resource Management in Emerging Markets, Human Resource Management in Developing Countries.* Subsequently, I organized my review thematically by grouping topics I found in key researches related to my study.

3.0 Africa's Cultural and Institutional Context

I now describe in detail some of the cultural and institutional specificities of the African context.

Cultural specificities

Africa is not a homogenous entity; it is instead characterized by a high degree heterogeneous cultures (Kamoche, 2002; Osabutey *et al.*, 2015) with about 2000 different languages (Beugre, 2015). In many African cultures the ethnic group is a major source of identity. Huge tribal and ethnic differences can be found within a country (Beugre & Offodile, 2001). At the same time, certain common trends exist in Africa's multicultural, multi-ethnic and multilingual portrait. Writing about the socio-cultural context of Ghana (which may also be applicable to other African countries), Gyekye (2014: 161) notes:

'It is impossible, in fact incon -ceivable, for peoples who have lived closely together for many, many decades not to affect one another culturally. […] It would therefore be correct to say that cultural interpenetration through cultural contacts, exchanges and borrowing or appropriation of values, ideas, practices and institutions has resulted in the emergence of common or shared cultural values and practices.'

Beugre and Offodile (2001) note that some of the cultural commonalities in Africa are collectivism, uncertainty

avoidance, respect for authority, family orientation, power distance and respect for elders. While Gyekye (1988: 31–32) points out that African societies exhibit features of both individualism and collectivism which he describes as amphibious in order "to avoid the excesses of the two exaggerated systems", in a number of African countries, such as Ghana, Tanzania, South Africa and Nigeria, emphasis is often placed on the group rather than the individual, leading to preference for consensus in decision-making. The collectivist spirit, captured in the South African notion of *Ubuntu,* is grounded on the fact that "people are only people through other people" (*umntu ngumntu ngabanye). Ubuntu* is closely associated with the process of *indaba* which refers to involvement of employees in decision-making with an ultimate aim of achieving consensus (Jackson, 2002; Mangaliso, 2001).

In an effort to gain legitimacy in the African context, Western MNEs may apply the principles underlying *Ubuntu* to motivate employees through employee recognition, mutual respect, sharing of bonuses, and intermittent interactions between management and subsidiary employees. Also, consensus based decision-making through negotiations with employees can enhance commitment and loyalty to corporate goals. When employees are respected and dignified, they may feel intrinsically satisfied, and this can generate a symbiotic effect of greater allegiance to the MNE and its overall goals. According to the philosophy of *Ubuntu,* Organisations are 'nurturing

communities' (Dobson: 1997: 148) and management is expected to provide and enabling environment for participatory decision-making.

Additionally, age is highly revered in the African context. Age is deemed not a hindrance associated with senility (Mangaliso, 2015). In some African countries it is believed that age is closely linked with experience and knowledge. Therefore, within a community or organization an older person can promote the spirit of co-operation within an organization. Seniority is respected in organisations because it is believed that a long-serving employee has more experience and knowledge of the business context than junior employees. Employees are motivated to stay longer in organisations if seniority and age are respected (Chen & Miller, 2010) and consequently increase the stock of experienced talent. The networks developed over the years during one's working life are very useful for nurturing good relations with clients (Mangaliso, 2001). Honouring seniority and age is also a means of recognising individuals for their past contributions to the organisation. In HRM practices such as recruitment, selection and promotion, seniority (either in terms of chronological age or service to the company or experience in the position), can be taken into consideration particularly when a pool of potential candidates have equal qualifications.

Another important characteristic is tradition. Ethnic identification is strong in Africa and it "fosters interaction within group members and limits communication between groups" (Michalopoulos &

Papaioannou, 2015: 35). Ethnic identification is stronger than national identification particularly among the rural folks in some African countries (Michalopoulos & Papaioannou, 2014). National and ethnic identification concur in most African countries, a characteristic related to the dual governance system where traditional and national laws are operationalised (Michalopoulos & Papaioannou, 2015).

Institutional specificities

The multi-layered cultural differences within and across African countries are reflected in Africa's institutional complexity (Nyuur, Osabutey, & Debrah, 2014). In that sense, understanding the institutional environment of one African country may not necessarily translate into understanding institutions prevailing in another African country. In addition, the large institutional distance between Africa and the Western world poses challenges that can seriously impede the implementation of western MNEs' preferred SHRM practices in their African subsidiaries.

In Africa formal institutions such as courts and other legal mechanisms have high costs and are therefore seldom utilized and as a result, "informal arbitration often becomes a default option in alleviating uncertainty and resolving disputes" (Peng, 2014: 13). The Economist (2005: 1) reports that "over 40% of Africa's economy is informal – the highest proportion in the world." Further to this, Acquaah (2007: 1240) observes that in Ghana, as in many other African countries, 'there are two parallel political systems and authorities: (1) the formal political system of the modern nation state, and (2) traditional political systems that pre-date the modern nation state.' Chiefs help to instill discipline and to "improve the legitimacy and enforceability of rule of law and property rights" (Dia, 1996: 106). This is not surprising bearing in mind that about 80 percent of land is customarily owned by families, clans and traditional authorities, such as chiefs, in Ghana (Kasanga & Kotey, 2001).

Western MNEs, particularly those in the extraction industry, have to negotiate with government, tribal leaders and chiefs for lease of land and payment of royalties in many African countries. Chiefs are also influential in mediations between their communities and MNEs in times of crises where community members protest against actions of organizations. Acquaah (2007: 1240) points out that 'in Africa, community leaders such as local chiefs and kings and religious leaders are very influential in garnering resources and providing access to valuable information and knowledge to businesses.' In fact, the national constitutions of some countries, such as Ghana and Uganda, recognize ethnic institutions in the settlement of property rights, disputes, and enforcement of customary law (Michalopoulos & Papaioannou, 2013). Indicative of such informal institutions is the following example about Kgotla and the palaver tree.

> **Working with informal institutions in Africa:**
> **Can MNEs use Kgotla and the palaver tree?**
>
> In applying their HRM practices, MNEs may draw some inspiration from certain customs in some African countries. For instance, the Kgotla governance system in Botswana is analogous to the Palaver tree in some west and central African countries. (Western readers may indeed be familiar with the English-language term palaver – meaning a conference or conversation, with connotations of superfluous idle talk – without realizing its African origins).
>
> Both the Kgotla and the palaver tree are places designated for community meetings. The Kgotla is headed by a chief, and in the Kgotla system community members meet to discuss issues of mutual interest, while the palaver tree is the „local shade of the sacred baobab or mango trees" in villages (Land, 1992: 10) beneath which African people traditionally meet to discuss community issues under the leadership of village elders (Leach & Mearns, 1996). In Kgotla meetings discussions are held in an atmosphere of mmu a lebe o bua la gagwe (everybody is free to speak candidly, and even make mistakes). Government officials equally use the forum to disseminate information on new policies and legislation (Lekorwe, 2011).
>
> The palaver tree also serves as an avenue where multiple viewpoints are discussed extensively to arrive at a consensus (Land, 1992; Leach & Mearns, 1996). It is also a rallying point for social events such as festivals (Land, 1992). By extension, western MNEs may use their town hall fora and staff durbars where employees from different linguistic and tribal backgrounds in the African region are assembled, to elicit certain hidden sociocultural and institutional assumptions underlying their worldviews of work. These fora can also be grounds for negotiations on acceptable SHRM practices. Employees can be encouraged to speak on issues concerning subsidiary business and SHRM practices without fear of reprisals. Such exposure to plural viewpoints can facilitate the clarification of SHRM practices to employees.

4.0 Standardization, Localization or a Dual Approach?

In this section I develop propositions based on my analysis of prior literature and cases which highlight where MNEs have followed standardization, localization or a dual approach.

Standardization of SHRM practices

MNEs aim to transfer to their overseas subsidiaries SHRM practices that reflect the core business values and competencies established in the MNEs' home countries. The transferred SHRM practices are believed to be sources of synergy, efficiency and competitive advantage (Kostova, 1999). Western MNEs transfer their preferred SHRM practices to Africa with the intention to gain perceived advantages of superiority, consistency, effectiveness and competitive advantage (Kamoche & Newenham-Kahindi, 2012;

Mellahi & Frynas, 2003). The transfer of SHRM practices is intended to standardize the SHRM practices throughout the various units of an MNE, facilitating coordination and interaction (Jain, Lawler, and Morishima, 1998; Festing *et al.,* 2010; Rosenzweig & Nohria, 1994). Such standardization is intended to "smooth the transfer of MNE competencies across the organization" (Wocke, Bendixen, & Rijamampianina, 2007: 829). Moreover, it is designed to ensure alignment of SHRM practices with overall business strategy for the international operations. In such instances, elements such as industrial relations, labor market institutions, HRM practices developed and implemented at the MNE headquarters (HQ) are often carried over to a subsidiary (Ferner, 1997). For instance, in their international operations US companies usually favor performance-related pay, Japanese companies prioritize seniority-based pay whilst German companies rely on their co-determination system which includes workers' representatives' councils and apprenticeship training (Ferner, 1997;

Ferner & Quintanilla, 1998; McDonnell *et al.*, 2011).

This ethnocentric transfer of management practices to the African region can be traced as far back to colonial rule of the African continent. Kiggundu (1991: 34) observes that:

'During colonization, the various colonial powers first destroyed or denigrated local institutions and management practices, and then developed their own colonial administrative systems. […] because the colonists were convinced of their cultural, biological, and technological superiority and the inferiority of African administrative systems.'

It has been suggested that the destruction of indigenous organizations and management systems amounts to depriving Africans of practices that are more situationally appropriate (Kiggundu, 1991). The following case illustrates the ethnocentric standardization approach.

Citibank: Corporate colonialism in Tanzania

Kamoche and Newenham-Kahindi (2012) examine the transfer of American HRM practices of Citibank to its subsidiary in Tanzania, a former British colony located in East Africa. In this case recruitment of local employees was conducted at HQ and targeted at graduates between the ages of 18 and 35 years. Employment was on contractual terms and therefore not permanent. Promotion was based on merit regardless of age and gender. The Bank established resource centers for training its employees. All training materials and content originated from the USA. The Bank also used ICT to train its employees in the various software packages that were developed and tested at HQ. New recruits underwent induction training where the Bank"s vision, mission and strategy were explained to them.

Citibank practiced "Americanization of the workplace" by adopting a practice of cultural assimilation in line with the supposed "best practices" approach. The

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company further assumed that the strength of the American educational system, coupled with the reputation of management philosophies originating from America, gave it no other choice than to apply an American style of HRM. Employees were constantly reminded that when dealing with customers from America or Europe they should use "appropriate" customer relations, including using an American accent. The physical setting of the work place was also Americanized, with a living room furnished with American newspapers and televisions with foreign channels. Because expatriates had the skills and know-how to run the business, CitiBank used them to strengthen its SHRM practices: they occupied key positions including training local employees. They ensured compliance with formal procedures. Induction and recreational activities were designed to infiltrate the culture of the host context.

However, some transferred practices caused employees discomfort and were considered inappropriate. For instance, work/life balance programs - implemented without any consultation with the subsidiary's employees - were considered an unnecessary intrusion into their private lives. Additionally, employees were individually assessed for the purpose of promotion and salary increases based on the American value of individualism. Weaver (1999) observed that individualism, with an emphasis on self-reliance, independence, and achievement, is valued in the American context. It contrasts however in many African countries employees are assessed in groups (Sartorius, Merino, & Carmichael, 2011). Citibank's control of its subsidiary management from HQ without consultation with local actors is regarded as insensitive.

As in the Citibank case, PCNs facilitate the integration of strategies of subsidiaries and parent company through coordination and control. They also facilitate the transfer of knowledge between subsidiary and parent company (Gaur, Delios, & Singh, 2007). PCNs function as 'role models', 'boundary spanners', and 'coaches' (Hetrick, 2002) and are likely to implement SHRM practices of the home country in overseas subsidiaries to ensure alignment with their intended business strategy for the subsidiary operation. This leads us to put forward:

Proposition 1. *Despite the complex and challenging cultural and institutional context of Africa, PCNs prefer to standardize SHRM practices in Western MNE subsidiaries in Africa.*

Localization of SHRM practices

Cultural forces act as countervailing forces for the transfer of foreign SHRM practices. Some MNEs' usual home-based practices may have to be adjusted to comply with local norms and preferences (Bjorkman and Lervik, 2007; Farndale, 2010; Festing *et al.,* 2010), which results in practices' localization. In contrast to the ethnocentrism of standardization, localization of SHRM practices is associated with polycentrism where the host country's beliefs and practices prevail over the use of practices from the

country of origin of an MNE (Heenan & Perlmutter, 1979; Perlmutter, 1969).

Cultural forces create pressures for MNEs to decentralize decision-making about SHRM issues in order to conform to, and become legitimate in, the local context. The transfer of parent country SHRM practices to culturally-distant foreign subsidiaries can possibly be unproductive (Kim & Gray, 2005). As per Tayeb (2005: 102), the parent company of an MNE cannot easily do away with 'its host-country employees' cultural attitudes, values and beliefs (sic) from a distance and through rules and regulations' in order to implement its preferred practices. For that reason,

stakeholders such as local managers and unions are likely to reinterpret, negotiate or adapt selected practices to suit the context (Yahiaoui, 2015).

Xing *et al.* (2014: 7) observe that "work constitutes only part of the African employees' life, and community life and family are more important". This is a manifestation of the *Ubuntu* principle of treating others as your brothers and sisters: 'I belong, therefore I am' (Xing *et al.,* 2014: 7). In this case foreign managers adapted to local customs and granted African employees religious holidays and showed respect for their culture. The next two case examples illustrate the localization approach:

Swedish and Swiss subsidiaries in Nigeria

Swedish and Swiss subsidiaries in Nigeria employed host country nationals as line managers. Mamman, Baydoun, & Adeoye (2009) noted that because the content of performance management practices was formulated in the home countries without the input of the Nigerians, these practices were largely ethnocentric. Host country employees felt their views were not taken into consideration during the appraisal process; thus reflecting the power distance of the Nigerian context. Mamman et al. (2009) described the process of implementing the performance management practices as informal adaptations by the local managers to suit the Nigerian traditional context of power distance and humaneness; suggesting that the transfer process was probably influenced by the nationality of persons implementing decisions. While western values are centered on universalism and based on performance criteria, those of Nigeria are based on particularism and kinship. Mamman et al. (2009: 4) conclude that, even if MNCs adopt an ethnocentric policy, local managers would modify the system anyway.

French subsidiaries in Tunisia

Yahiaoui (2015) examined HRM practices in French subsidiaries in Tunisia, a country located in North Africa that became independent from France in 1956. The HQ of one of the companies introduced variable pay linked to company targets. However, local employees preferred an increment based on fixed pay rather than variable pay relying on individual and overall company performance and

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profitability. Employees pressured management to modify the system to enable all of them to benefit. Accordingly, the local managers increased the fixed part more than the variable portion of pay. They also considered the skills evaluation criteria transferred from the HQ to be too high and rigid for the Tunisian context and consequently adapted them. The adjustment was made to maintain group solidarity and to align with the Tunisian collectivist culture. Because employees regarded criticisms and penalties as individual affronts, performance appraisal practices were also modified to remove penalties. This case underscores the need for MNEs wanting to do businesses in Tunisia to uphold cultural values such as: respect for elders; cooperative management style; consensus through negotiation; dignity; and pride in the local context.

Thus, as Horwitz (2009) points out in reference specifically to the Southern African context, the 'as is' adoption of SHRM practices defeats the purpose of achieving corporate goals and underscores the need for sensitivity to the local context. For instance, performance-based pay and variable pay may be effective across the African context if they are geared towards workgroup or team based arrangements.

HCNs tend to emphasize local values, norms and beliefs (Mamman *et al*., 2009) and are likely to adapt SHRM practices to suit their local context. The pressure for local legitimacy may be particularly high in Africa as the continent as such is institutionally hugely distant from western MNE home countries. HCNs help foreign subsidiaries to provide knowledge of customer needs, business practices, language, cultural preferences and how best to manage and motivate local employees (Konopaske & Ivancevich, 2004). In so doing they facilitate achieving strategic alignment between the SHRM practices utilized and the overall business goals for the subsidiary operation. This leads us to propose that:

Proposition 2: *Given the huge diversity of the cultural and institutional contexts in Africa, HCNs prefer to localize SHRM practices in Western MNE subsidiaries in Africa.*

A dual approach to SHRM practices

For effective and appropriate application of foreign SHRM practices in Africa, Jackson (2004) suggests that managers should be cognizant of both endogenous and exogenous factors that might influence their decisions and actions. Thus it is reasonable to argue that for Africa a dual management approach incorporating both standardized and localized values, beliefs and practices is vital. Moreover, finding the right balance between standardization and localization can lead to mutual learning and compromises (Gamble, 2003). According to Laurent (1986: 97):

"In order to build, maintain, and develop their corporate identity, multinational organizations need to strive for consistency in their ways of managing people on a worldwide basis….to be effective locally, they

also need to adapt those ways to the specific cultural requirements of different societies.''

The following three examples demonstrate a dual approach to transfer of SHRM practices. One of them can be classified as driven by standardization and the following one as driven by localization. Mellahi and Frynas (2003) discussed an Algerian automotive firm where, despite the imposition of western practices, local employees devised their own informal collectivist practices to suit the Algerian context. The other two cases are based in Tunisia and Mozambique respectively.

Can top management enforce standardization in the Algerian context?

Mellahi and Frynas (2003) analyzed the transfer of German and French work practices to an Algerian automotive firm. The firm sought to implement standardized work practices from a similar French company while some practices were imposed on the firm following the installation of a new technology it imported from Germany. According to Mellahi and Frynas (2003: 75) management justified the transfer of SHRM practices based on economic and technical resons but failed to "identify local conditions under which these HRM practices" would sucessfully work resulting in "unplanned and haphazard importation of western HRM practices". Shop floor employees strongly resisted Western individualized work practices and adapted them to suit the Algerian collectivist work norms and values. Their immediate supervisors tacitly approved these informal ways without the knowledge of management who emphasized western individualized work practices. The researchers concluded that management ironically argued that the mismatch between cultural norms and work values originated from the failure of workers to abandon their cultural values. The workers further contended that individualised work practices resulted in inefficiency and "other negative feelings associated with the perception of being forced to adopt and accept practices which run counter to deeply held values and assumptions of the local culture" (Mellahi and Frynas, 2003: 76).

Is the local culture really that resilient in Tunisia?

Yahiaoui (2015) noted that French subsidiaries in Tunisia relied on interview guidelines and selection criteria developed by HQ for recruitment and selection of employees. In this case however, the subsidiaries included in their selection criteria wasta (an Arabic term for personal relations), trust and age of job applicants. Additionally, the HQ transferred human resource planning and forecasting activities to the subsidiaries but these were implemented with modifications. Both HQ and the subsidiaries identified tenure end for employees and evaluated the recruitment budget accordingly. Unlike HQ that recruited based on skills needed, the subsidiaries extended contracts of existing employees on the shop floor based on relations and paternalism in conformity with the collectivist notion that managers are expected to take care of employees.

Managing the opposing forces of localization and standardization of HRM practices simultaneously necessitates negotiations between management and employees to achieve the MNE's strategic business goals. MNEs often argue that local practices are not competitive (Bjorkman & Budhwar, 2007) and hence would not align with the business strategy for their operations; thus implying that standardization and localization cannot be simultaneously implemented. A differing view is that localization and standardization are not mutually exclusive but are implementable and attainable at the same time with varying emphasis on aspects of the practices (Berchtold, Pircher, & Stadler, 2010).

I suggest that interplay simultaneous application of standardization and localization of SHRM practices in subsidiaries of Western MNEs is feasible. The interplay between the two approaches may permit subsidiaries to take advantage of opportunities that stem from the local environment and still fulfill the MNE's expectations of the subsidiary (Mudambi, 2011). Thus, while PCNs may generally choose to standardize and HCNs may prefer to localize, in some organizations negotiation facilitates a dual approach in implementing SHRM practices consistent with overall MNE strategy. This leads us to advance the following:

Proposition 3. The interplay between the cultural and institutional forces in Africa and parent country practices results in the adoption of a dual approach to SHRM practices in Western MNE subsidiaries in Africa.

Based on the preceding propositions, I present a model which I illustrate in Figure 1 to demonstrate the relationship between MNC parent company SHRM practices and the subsidiary SHRM practices (Proposition 1), the relationship between host country local context and subsidiary SHRM practices (Proposition 2), and the dual approach of an interplay between MNC parent company SHRM practices and the host country local context for subsidiary SHRM practices (Proposition 3).
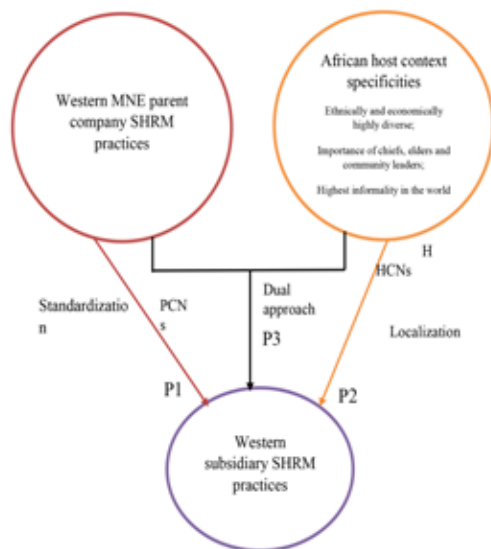
Figure 1: SHRM practices in Western MNEs in Africa

5.0 Conclusion and implications

In this paper I have argued that in the complex and challenging cultural and institutional context of Africa, PCNs prefer to standardize SHRM practices in Western MNE subsidiaries in Africa while HCNs prefer to localize them. I have also argued that although there are serious challenges in finding a suitable balance between localization and standardization of SHRM practices, transfer of these

practices may be considered a symbiotic interaction between PCNs, HCNs and other relevant actors/stakeholders in the local context. Balancing standardization and localization can enhance mutual learning and contribute to achieving both HQ's and subsidiaries' goals. In particular, Western MNEs are likely to benefit from improved work relationships with HCNs and local employees have the opportunity to acquire new knowledge and skills. By highlighting, through case studies of a range of MNEs in varying countries in Africa, the distinct, heterogeneous cultural and institutional features of Africa which impact on MNEs' strategic choices and practices, the article extends the existing literature on SHRM in developing countries to a previously little examined, but economically important region. In particular, I identified how MNEs from parent countries that are culturally and institutionally distant from Africa can navigate through some important complex challenges.

This study is of explorative nature. Studies on African management in general and on African HRM in particular are rare and scattered (Elliss, Nyuur, & Debrah, 2015). Because of that, it is difficult to know in advance what the key processes and constructs are pertaining to SHRM practices and their transfer in the context of the operations of western MNEs in the African continent. Moreover, the existing literature on SHRM practices is embedded predominantly in western thinking (Pudelko & Harzing, 2007) and as such, it has its own ethnocentric origin. Scholars have noted challenges associated with conducting research in Africa, including lack of indigenous theories and limited applicability of existing western models (Lages, Pfajfar & Shoham, 2015).

Due to the nascent state of literature on SHRM practices in Africa (Mellahi & Mol, 2015), I suggest that qualitative research, in particular, may be useful to explore in greater detail how SHRM practices are transferred to subsidiaries located in Africa. Qualitative research would allow meaningful contextualization of research questions on SHRM practices in the context of Africa. It would be preferable to avoid hypothesizing relationships between variables in a context with several unexplored issues relating to SHRM until qualitative research can bring more clarity into the understanding of the key concepts related to this complex process. For instance, I have emphasized that Africa has the highest rate of informality in the world (The Economist, 2005) and I have touched upon the importance of chiefs, elders, and community leaders in the African context. However, there is huge potential in many more and far deeper analyses of these actors and/or other informal institutions and their influence on SHRM practices. Detailed, rich and evocative data are needed to shed light on the SHRM practices transfer as an important, yet not well understood phenomenon in the African context.

The practical implications of my analysis point to the need for HQ executives in the parent country to carefully evaluate the institutional environment of the respective African host country where their subsidiaries are located before making decisions on the suitability of the particular SHRM practices and

their transfer. Prior experience gained in other contexts, including in other developing countries, may not necessarily be transferrable to and useful in the African context. Indeed, Klingebiel & Stadler (2014: 3) observed that 'when Western investors arrive in Africa for the first time, they soon notice that their prior experience is of limited use. Many get burned and pack up quickly. Others see the continent's uncertainty as opportunity.' In that respect HCN nationals may act as an invaluable conduit between the African subsidiary and senior HQ executives in explaining and making sense of the specificities of the African context which MNEs need to consider if they are to be successful in achieving their strategic business and HRM goals.

Some of my case examples demonstrated that west-centric models of SHRM practices simply cannot be directly replicated in the African context and instead, require modifications. Thus, PCNs need to be flexible, accommodating and willing to negotiate with local stakeholders in the implementation of SHRM practices. Understanding the norms, values and beliefs valid and appreciated in the African context will help Western MNEs to adjust their practices to work more effectively in African subsidiaries. Consultative decision-making with local chiefs/elders and employees is likely to result not only in more harmonious work environments and standing of the subsidiary in the local community, but result in employees being more effective in combining local practice with introduced SHRM practices.

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POLITICS AND TOURISM DEVELOPMENT: THE CASE OF NORTHERN PROVINCE - SRI LANKA

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Abstract

The concept of tourism development has become the focus of increasing attention among tourism practitioners and scholars alike. Little research, however, has been undertaken to investigate the relationship between politics and tourism development in Sri Lanka from the perspective of stakeholders. The main objective of this study is to explore the relationship between politics and tourism development in Northern Province – Sri Lanka. Drawing on study in Northern Province in Sri Lanka, it reveals the ways in which political instability and political interferences have viewed as major obstacles to tourism development. Further, this study concludes that stakeholders, including the state, the provincial authorities and investors, have a willingness to promote the industry. This study offers meaningful information for developing strategy on the part of tourism management in the absence of political interferences.

Key words: tourism development; Sri Lanka; political instability; liberalize economic policy

1.0 Introduction

Tourism in Sri Lanka is one of the faster growing industries, and was the fourth largest foreign- exchange earner in 2015 (Sri Lanka Tourism Development Authority, 2016). Over the last four decades, however, growth of this industry fluctuated due to political unrest. This notion is accepted by Sri Lankan researchers Samaranayake, Lantra, and Jayawardena (2013, p. 424), pointed out that " the biggest challenge Sri Lanka has faced since independence was the ethnic war that commenced in 1983 arising from demands for an independent state (known as Tamil Eelam) by a militant Tamil group – Liberation Tigers of Tamil Eelam (LTTE)". Many researchers including Hall (1994), Richter (1999), Robinson (2008), and Samaranayake (2012), who emphasised that the difficulties of tourism development in developed countries and developing countries arising from the political power struggle among different stakeholders. In Sri Lanka, last thirty years Civil War and politcal instability have become critical issues in development of the tourism industry. This study is an attempt to investigate the association conceptually and emparically, between the concept of politics and tourism development in Northern Province. For this study a qualitative approach has been used. This approach works best for understanding social phenomena.

2.0 Research Direction

2.1 Research Context Territory

Northern is situated in the North region in Sri Lanka. Administratively, Northern Province, which consisting of five districts namely Jaffna, Kilinochchi, Mannar, Mullaittivu and Vavuniya, comprises one municipal council, five urban councils and 28 Pradeshiya Sabhas. Northern Province boundaries are Gulf of Mannar and Palk Bay to the West, Palk Strait to the North, Bay of Bengal to the East, Eastern, North Central and North Western provinces to the South. Northern Province covers about 14% of the land mass of Sri Lanka. Its total extent, around 8,849 Sq. km and around 40% of Sri Lanka's coastal area is within this province. The distance from Talaimannar to Rameswaram in Southern India is just 35 kilometres. Northern Province as a tourist destination has more significant cultural heritage, natural heritage and historical landscape.

As noted above, Northern Province played and still plays a vital role in Sri Lankan Tamil history and cultural heritage. Sri Lankan historians including Sitrampalam (2005), Siriweera (2002) and Pathmanathan (1978) articulated that Northern Province has a strong historical background. That can be understood through colonial and pre-colonial monuments and cultural heritage destinations. The ancestors who lived in Northern territory during historical periods have inherited arts, buildings, traditions and beliefs expressing the culture of the societies which have been passed down from preceding generations. This is in line with previous research findings. For example, Millar (1989, p. 9) observes that "heritage sites provide the tangible links between past, present and future". The attributes or immaterial possession that is inherited from ancestors could be identified as heritage belonging to the particular historic environment. The character, identify and cultural variety build up the heritage of an area. The heritage inherited from past generation should be maintained in the present time and has to bestow for the benefit of future generations. Since the heritage remains within the Northern Province depict the multi- cultural mutual heritage of Sri Lanka which is not identified in other parts of Sri Lanka. It is the duty of the present generations to conserve and hand over to the future generations in order to educate the societies of the existence of multi-cultural societies in the past. In the Northern Province, heritage sites and buildings can have a very positive influence on tourism development as well as on many aspects of the way a community develops. Northern Province as a tourist destination has many historical and cultural heritage sites. Those are interconnected with ancient Jaffna Kingdom and colonial era. Broadly speaking, regeneration, housing, education, economic growth and community engagement are examples of the ways in which heritage can make a very positive contribution to community life.

2.2 Investigation Framework of the Study

For this study a qualitative approach has been used. This approach works best for understanding social phenomena

(Remler & Van Ryzin, 2010; Ritchie & Spencer, 2002; Snape & Spencer, 2003). This study deals with various stakeholders. Researcher, therefore, understood that field visit based interviews is the best way to collect appropriate information for this study. This study has been developed based on primary and secondary data. Secondary data has been derived through document analysis of relevant documents such as annual reports of Sri Lanka Tourism Development Authority and Northern Province. Document analysis is a sophisticated data collection method. It is mostly used in qualitative research (Rasmussen, Muir-Cochrane, & Henderson, 2012). This is consistent with other researchers including Chandralal (2010) and Cheer, Reeves, and Laing (2013) who have also used qualitative methodological approaches for data collection and analysis in order to gain the views of different interested parties. During the period from July to October 2016, data was collected through field-based in-country interviews throughout Sri Lanka. This approach enabled a discourse analysis methodological approach to interviewees. This meant that respondents were able to discuss their thoughts on the role of tourism in Northern Province and also long term approaches for sustainability. The interviews also enabled more extended responses where interviewees discussed their experiences, attitudes and understanding of the development of tourism from political and economic framework in the Northern Province of Sri Lanka. For this study purposive sampling technique has been employed. The sample size of interviewees was 18 and the format was that of semi-structured interviews undertaken with key stakeholders. All interviews were recorded on i-phone and all voice records were transcribed in verbatim (word for word) format soon after completion of interviews.. Interviews have been conducted with international (one) and domestic tourists (two), host communities (two), civil servants (three), hotel operators (two), Politicians (three), provincial level tourism development officers (two), academic (one), and members of Sri Lanka Tourism Development Authority and Sri Lanka Promotion Bureau (two). A cording scheme was derived based on the interview schedule. To identify key themes, the transcripts were read several times (Miles & Huberman, 1994). Discourse analysis was used to address the research problem. In addition to that, some original text was cross – referenced.

3.0 Understanding Correlation between Politics and the Development of Tourism in Sri Lanka

Although, political influence in developing world is stronger than in most developed countries and in many instances is extremely overwhelming. Hall (1994, p. 2) argues that "the relationship between politics and tourism is not primarily concerned with political parties and election and their influence on tourism policy although this is of course, an aspect of political tourism". In the case of Sri Lanka, many scholars, including Guruge (2009), Jayawardena, Richard Teare, and Jayawardena (2013), Richter (1999), Robinson (2008),Samaranayake (2012) and Samaranayake et al. (2013) shared that there is a strong connection

between political environment and tourism development. Importantly, policies of political parties are mostly influencing upon the development of tourism industry because, according to the political constitution (13th amendment), the tourism industry is considered as a concurrent subject. This means that both national and provincial governments are able to take part independently in sustainable tourism development. Before the analysis, answer to the following question should be found. "When did tourism begin in Sri Lanka? An answer can be that even thousand years ago pilgrims had started arriving in Sri Lanka (Karunaratna, 1999). Historically, British took an initial step to develop tourism industry in Sri Lanka. The establishment of the Tourist Bureau (TB) in Sri Lanka in 1937 is evidence of it. Its functions, however, were clogged by Second World War (Central Bank of Sri Lanka, 1998; Samaranayake, 2012).

In fact, after the Second World War, tourism industry throughout the world became a popular industry (Nordström, 2005). The first post-independence Sri Lankan government failed to give more substantial attention to development of tourism, despite the fact that during this period, significant growth in international tourism was experienced by other Asian countries (Attanayake, Samaranayake, & Ratnapala, 1983, p. 243). During this era, in the case of tourism development, physical infrastructure, including transport services and accommodations, were necessary to attract international tourists and international investment. Tourist arrivals to the island, in fact, are

stagnated around 19,000 per annum until 1956. During that period, there was no clear tourism planning and policy at all and no quite travel research being conducted (Central Bank of Sri Lanka, 1998). Ediriweera (1969, p. 23) pointed out that in 1946 not only most host communities, but also government itself has seen tourism as a "big joke". Subsequently, tourism industry has received less attention. Leftist government, which was in power from 1956 to 1965, adopted the import substitution strategy. In this period, a lack of marketing propagandas and limited destination development programmes were carried out (Guruge, 2009). In 1965, with the election of the United National Party, an export oriented policy was implemented. The centre-right government (the United National Party) came to power in 1966. It had a broader concept about industrial development, particularly the tourism industry. Attanayake et al. (1983) noted that since 1966, government perception with regard to tourism is politically and economically changed. In 1967, the first long term 10-years master plan was implemented with objective of achieving optimum growth in international travel and tourism.

Through implementation of the Ceylon Tourist Board Act (No. 16 of 1966), this industry has received a statutory authority framework. In 1966, with the birth of the Ceylon Tourist Board, this industry became a very significant economic driver (Guruge, 2009). This body replaced the Ceylon Tourist Board Act (No. 16 of 1966), which, even with a 'Six Year Plan' in 1954, had failed to produce noticeable

growth (Due, 1980). Two years later the Tourist Development Act (No. 14 of 1968) was introduced allowing the Tourist Board to regulate the provision of tourist services. Government in this period established the Ceylon Hotel School, which produced effective and efficient human resource to the industry. More significantly, the establishment of the Ceylon Tourist Board is an important landmark in the history of institutional tourism, which paved the way for rapid development of the industry. During that period, mass tourism was developed and tourist traffic to the all island reached a level of 153,665 in 1977. From 1971 to 1977, the Sri Lanka Freedom Party was in power. That government adopted closed economic policy. Foreign and domestic investment on tourism declined compared with previous government's period. However, during this period, the tourist arrivals showed a positive but decelerated growth from 1972, mainly because of the recreation in Western Europe which was the major source of touristic traffic to country. The global energy crisis in 1974 worsened the situation. Unfortunately, these external events occurred at a time when the capacity of industry was expanding. The year 1977 was a landmark in the economic and social policies of the post- independence period. Far-reaching policy reforms were introduced in that year to shift the focus from an inward looking development strategy to an outward looking development strategy to free the economy from an array of controls. Having realized the benefits of liberal economic policies, the two main political parties have come to accept market oriented policies, thereby reducing the risks of frequent policy changes in government (Powell, Cuschnir, & Peiris, 2009; Ratnapala, 1999; Robinson, 2008). The arrivals showed higher growth from 1977 with improved international transport facilities and the positive impact of the open economic policy package introduced in 1977. The liberalization impacted not only on economic benefit of the tourism industry but also impacted on cultural heritage preservation strategy. For example, during this period, government took initial steps to protect cultural heritage sites throughout the island. As a result, the Cultural Triangle is an international cultural heritage preservation programme commenced in 1980 in collaboration with the United Nations Educational, Scientific and Cultural Organization. This conservation campaign covered six destinations: Abhayagiri Monastery; Jetavana Monastery; Alahana Pirivena; Sigiriya Rock Fortress, Boulder and Water Gardens: Dambulla painted caves; and Kandy and its cultural complex (De Silva, 1981). Economic view, the liberalization of impacts and foreign exchange gave further impetus to the growth of the industry and tourist arrivals in 1982 had grown to 407,230. The arrivals declined sharply in 1983 in due to ethnic conflict and political instability. In other words, in fact, during the first phases of Civil War held from 1983 to 1987 tourist arrivals declined to a large extent. As a result, the country was unable to reap the full benefits of the economic recovery. In Western Europe the adverse publicity resulting from the security situation in the country and competition from other locations in the region, such as the Maldives, badly affected the industry.

In 1987, the Indian government acted as intermediary to initiate the peace talk between the Sri Lankan government and the LTTE. In the mid-year of 1988, twin wars began between the Indian Peace Keeping Force (IPKF) and the LTTE. As a result, tourism industry faced more problems. In 1990, the second peace talk was started between government and the LTTE. In 1990, tourist arrivals increased from 182,620 in 1987 to 297,888 in 1990. In 1992, the Second Master Plan (1992 – 2001) was implemented. During this period, the tourism industry encountered many political challenges. After the assassination of the president of the country in 1993, a new government the People Alliance a coalition led by SLFP, LSSP, and CP came to power in 1994. This government committed to promote industrial sectors including the tourism industry, and started the third peace talk with LTTE which was not successful. As a result, the third phase of Civil War commenced. Many Tamil civilians were killed and properties were destroyed by the Sri Lankan militaries. Many countries, including United States, United Kingdom and Australia, advised their citizens to avoid going to Sri Lanka. Tourist arrivals to the island declined and in this year, the industry was severely affected by the bombing of the Central Bank of Sri Lanka. In 2002, the United National Party came into power and resumed the peace talk with the mediation of Norway. During the period from 2002 to 2006, peace talk was being proceeded. During this period, the tourism industry was revitalized through the penetration of large amount of investment on the tourism industry. Moreover, tourist arrivals to the country

boomed greatly and reached a level of 559,603 in 2006. In 2007, the fourth phase of Civil War (final war) broke out and lasted until 19th of May 2009. In this era, the arrival displayed a negative growth rate from 2007 to 2009, mainly because of the pathetic political situation in the Northern Province. After the Civil War, the capacity of the industry continues to expand in terms of marketing opportunity and investment. In fact, post –war figures demonstrate that the Sri Lankan tourism industry is significantly revitalized and it became more important faster growing industry. It reached the highest numbers of tourist arrivals (1,798,380) in 2014. As mentioned above, the aftermath of Civil War in 2009, new chapter in the tourism industry throughout Sri Lanka commenced. Many national and international investors committed to invest on the industry. As a result, the supply of accommodation in Sri Lanka particularly in South and Central part of Sri Lanka have experienced important boom over the last seven years. The growth of accommodation, however, is very low in Northern Province compared with other areas in Sri Lanka. Based on the information obtained from the SLTDA and field-based in-country interviews there are three hotels, thirty eight guesthouses and thirteen restaurants have which registered with the SLTDA. During the last two years there was drastic improvement in the number of SLTDA registered tourist establishments in the NP. There should be continuous awareness campaigns to educate any tourism service providers to obtain the approval of the SLTDA. It is estimated that there are with the capacity of 805 rooms in 72 hotels, guest houses

and accommodation units.

4.0 Mapping Politics and the Development of Tourism in Northern Province

Throughout field visit –interview, an ongoing argument addressed how political issues can be restructured in regard to tourism development. Tourism has been included under the concurrent subject. The concurrent subject is usually carried out by the central and the provincial government. Thus both the central and provincial governments are mandated to contribute to the development of the tourism industry. However this system has some practical problems in the implementation of process. The administrative system at a local level is complicated because there is a lack of coordination between provincial and central government. In the tourism development process, central government institutions (district and divisional secretariat) and, provincial level organizations (municipal, urban council and Pradeshiya Sabha) should work together. Politically, both central and the Northern Provincial government may have different thoughts about tourism development in the Northern Province. Interviewees confirmed that anti Tamil sentimentalists and religious extremists have either directly or indirectly had an influence on political decision-making as well as tourism development in Sri Lanka. In reality, politics is strongly biased by Buddhist extremists, who can sometimes create adverse issues in not only sustainable heritage tourism but also all aspects of development. This is in line with previous researchers' findings, De Votta (2007, p. 12) noted that "the problem

for Buddhists is that even as monks have become increasingly involved in politics, the concomitant forces of modernization and their attendant materialistic culture have in turn corrupted the monks". One interviewee pointed that:

> [p]olicies opposed to Tamil and other religions (with the exception of Buddhism) have become a fundamental reason for violence and radicalization in Sri Lankan tourist destinations. (R4)

In this research, the content of the above statement is attested to by the following incidents: in the radicalized Civil War period, tourists could not enter into some heritage tourist destinations due to security constraints and, in 2014, a boycott of Halal products imported and used in hotels and restaurants disrupted the tourist trade. Similarly, previous Sri Lankan researcher Munasinghe (2015) indicated that political and religious interference in developing countries particularly in Sri Lanka has a great impact on tourism development.

Analysis of legal documents and field-visit interview response confirms that the authority and responsibilities of national government organizations are greater than those of provincial and district-level agencies. Most of the time, regional-level government's institutions are expected to implement the national-level tourism development plan (Samaranayake, 2012). Many interviewees felt that, on several occasions, the attention of this organization with regard to the development of tourism in Northern Province has been misplaced. In addition, the central government has not allocated the funding that many provincial

governments, including the Northern Province, expected, to implement the development plan. For key stakeholders the main issues of tourism development are:

> [a] lack of human resources, limited peak season accommodation capacity, budget constraints as well as a lack of coordination between the private and public sector … and ineffective government process. (R7)

The Tourism Promotion Bureau is another organization tasked with opening markets for Sri Lankan tourism destinations through the implementation of effective promotional plans. Interview data confirmed that the SLTPB is strongly involved in many promotional activities such as travel fairs, road-shows and outdoor promotional activities. The SLTDA has linkages with many international tourism advertising agencies and has launched a new heritage tourism venture, the Ramyanam package, to attract Asian tourists (Sri Lanka Tourism Promotion Bureau, 2011). There are many sites in Sri Lanka that are related to the Ramyanam, a well-known ancient Indian myth. The Indian government is keen to promote Ramayanam Trail package in Sri Lanka, particularly in Northern Province. Hence some interviewees suspected that through promotion of this Ramayanam Trail package, Indian government may expand their political activities in Northern Province.

Present-day, all the provincial councils (nine) and central government of Sri Lanka have opened their doors to promote domestic and international tourism, not only as a means of economic and social development, but also as part of country's economic policies. A senior politician, in an interview indicates:

> [t]ourism development in Sri Lanka has been received a positive attention since the colonial era, with the hope of earning foreign exchange but tourism is relatively novel to Northern Provincial. (R2)

Despite, a lack of priority to tourism development in Northern Province has been given because the people in the NP believed that tourism has possibility to create anti – social effects such as prostitution and drugs. In Civil War period, tourism industry in Northern Province was totally destroyed. Further, field-based interviews confirmed that tourism planning and policy in Northern Province is connected with Sri Lankan economic and political issues, with most respondents suggesting that, in terms of tourism policies and planning, there has been a lack of consideration of regional economic policies and situations. In general, the Northern Province economy is agricultural, based on products including paddy and onion cultivated in NP and its surrounding areas. Therefore many respondents were expecting that, importantly, tourism policy and planning should be taken into account with regional economic sectors. In fact, the aim of sustainable tourism can only be achieved if it is considered within regional, national and international political and economic situations.

Immediately after peace being restored in mid-2009 there is a large influx of

domestic and international tourists to NP. Domestic tourists from southern territory of Sri Lanka, pay more attention to visits the War Zone, because over the last four decades, Civil War was held between representatives of Tamil community (the Liberation Tigers of Tamil Eelam (LTTE) and the government. Finally, in May 2009, the government won the Civil War. As a result, many majority community people (Sinhala community) have interest to learn war memories from battlefield. Such intention is not new. Australian researchers Logan and Reeves (2008: 4) provide the justifications for growth of post war tourism in their book Places of Pain and Shame Dealing with Difficult Heritage indicates "governments, military groups and people who lost family members and close friends in wars over last century have interest in keeping memories alive, and war related tourism to places like Flanders has grown enormously in recent decades". Northern Province as a tourist destination has a substantial demands from domestic tourists, Diaspora (migrated local people) and international tourists. In fact, several local people, who migrated to overseas countries, are now visiting the NP to see their relatives and friends. An executive civil servant in the interview mentions,

[W]hen filling vacancies in tourism-related government organizations, politicians frequently recommend their supporters. Moreover, the Sri Lankan Tourism Act 38 of 2005 allots the tourism minister power to make the final decision about all tourism-related activities, and also to appoint the director and chairperson of key tourism-related government organizations. This is a good example of legally sanctioned political intrusion into tourism administration. (R11)

Whoever the final policy decision-maker might be is not a major matter but that decisions taken should be unbiased and appropriate to the tourism development of the nation. Historically, many disagreeable experiences occurred through political interference in administrative affairs.

5.0 Conclusion

This study explored several issues including post-war tourism development; linkage between the development of tourism and political mechanism in war affected areas particularly in the Northern Province, and the perceived impact of historical and cultural heritage monuments on tourism development in Northern Province – Sri Lanka. Sri Lankan political development has experienced more challenges to develop the industry than opportunities in the last five decades. From the time of independence to 1977, Sri Lankan ruling political parties adopted various and complicated political policies that generated a serious negative impact on national and regional development (Aslam & Awang, 2015). Even though, the issues of political instability and Civil War were at the forefront of tourism and economic development until 2009 (Reeves & Sivesan, 2017). After Civil War, tourism industry has been revived to a better state. Tourism industry helps the Sri Lankan community to have employments and income. Stakeholders view tourism as most significant foreign

exchange earning tool, promoter of social cultural identity of the host communities, job generators poverty controllers and guardian of historical and heritage monuments. This study has examined this proposition by considering cultural heritage, political, and economic issues. This discussion is important to understand nature of tourist destination. Finally, maintaining the thriving tourism industry in a sustainable manner is a key challenge in war affected areas. The central and provincial governments have to pay attention to develop sustainable tourism plan with collaboration of various stakeholders at different levels. This study suggests some insights to productively improve the administrative structure. As discussed throughout this study there is no separate tourism organization within the Northern Province therefore, the Northern Province should initiate the establishment a provincial Tourism Development Bureau. The national and provincial government needs to pay attention to development of a reliable destination management framework with collaboration of stakeholders. Through this, mutual understanding between both central and provincial bodies can be build up. Furthermore, the consistency and sequence in the economy and tourism policy should be adopted. In many cases, ruling political parties have changed policies and planning, for their convenience and with hidden agendas, to the detriment of the developing

tourism industry. Further, tourism policy and planning should focus on long – standing sustainable tourism rather than tourism promotion. It is now time that the Northern Province and the SLTDA should work together to the sustainable destination development in the five districts. The tourism sector should be considered as an independent sector, and allowed to develop a competitive tourism market free from of political and religious interference. The decision-making power in tourism development is centralized, perhaps too much so. As comes under the thirteenth amendment to the constitutions it is hard to make changes because in the Sri Lankan parliament a two-thirds majority is required. In fact, such change is not possible in the Sri Lankan political climate. The SLTDA, therefore, can make policy – based decision to liberalize decision-making activities through an appropriate participative management framework which is enabled by the tourism Act, No.38 of 2005(Sivesan, 2012). The management model of the SLTDA and SLTPB are structurally well-designed with stakeholder collaboration and inter-organization coordination. That should be practiced, with power delegation and definition of the responsibilities of participants. This type of participative governance model is supported by many academics (Adu-Ampong, 2014; Alipour et al., 2011; Bramwell, 2010, 2011; Bramwell et al., 2011; Bramwell et al., 1999).

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MANAGERIAL DISCOURSE IN FINANCIAL COMMUNICATION

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Abstract

Company executives often play the role of spokesperson for their companies and their discourses have become a recurring object of study. As such managerial discourse, be it written or spoken is considered as a management tool. This article attempts to identify, describe and understand the function of the managerial discourse as expressed in the letters of presentation of the financial statements of two popular companies in Sri Lanka between2012 and 2016. The lexical identification of the statements formed the basis for the analysis of the discourse that was present in the letters exchanged among executives. The results of the analysis revealed that the executives of these two companies tried their maximum to exert influence on those who read the letters. It was also revealed that two important dimensions of managerial discourse were employed: strategic, which created a desirable image of their companies and marketing, where they tried to promote their company as a product.

Key words: managerial speech, accounting, discourse analysis, strategic, marketing

1.0 Introduction

For the last few decades, many companies have suffered from various crises of credibility due to the processes of democratization, the empowerment of individuals and social groups, and the evolution of communication techniques. The last one has been a determining factor in the formation of different social movements. Therefore, companies have been forced to create different communication strategies, which seek the approval of the different power groups that participate in their social environment.

Accounting, as a scientific discipline (Sürmen & Daştan, 2014), was born as a social need to measure economic reality by quantifying the transactions carried out by organizations. As time has passed, it has been adapted to the new information needs of users of accounting information; for instance, the incorporation of fair value as a measurement method (Devi, Devi, Kumar, & Taylor, 2012). However, company managers have understood that quantitative information is not sufficient to communicate their results as a social entity, but it is also important to incorporate qualitative aspects.

Each year the companies present their financial statements in order to communicate the results obtained during that period to facilitate the decision making of the different users, be they internal or external, of the accounting information. These reports are published

in the form of an annual report that begins with a cover letter, signed by the board of directors or directors of the respective companies.

The objective of this paper is to identify, describe and understand the role of managerial discourse expressed in the letter of presentation of the Financial Statements of two popular companies in Sri Lanka between 2012 and 2016. The number of companies included in this study was limited to two due to reasons beyond the control of the researcher. The researcher approached seven companies but all but the two were not willing to expose their correspondences related to financial statements even after the promise that their correspondences would only be used for purely academic purposes and their identities would remain anonymous. The companies that are part of the present investigation are dedicated to the production of commodities; the difference between them is that one is a state enterprise (a corporation, hereafter Company A), while the other is a private capital (hereafter Company B).

It is important to point out that the research carried out, essentially, is interested in the perspective of the persuasion of statements and not in the effects obtained. The significance of the content exists independently of the effects they have. The problem of reception is not part of this research.

2.0 Materials and Methods

The research data are collected from the statements of the letters of presentation of the annual financial statements of the companies issued between 2012 and 2016. A transversal analysis of the discourse of the statements of the letters of presentation of financial statements, based on lexical identification (Lepsinger & DeRosa, 2010) was employed. This analysis deals with the interactive and inter-subjective dimension of the use of language, through research and analysis of real data. It investigated the written language, beyond the limits of the sentence, establishing the relation between language and society (Hatch, 1992).The approach is interpretive, that is, it conceives the organization as a subjective world and is interested in the representations of the actors (Lämsä & Sintonen, 2006). The discourse described in these letters is understood as a polyphony; in other words, it is not only interesting for its content, but also for the effect it seeks to produce, to construct reality socially (Berger & Luckmann, 1967). All reality is represented by individuals or groups, reconstructed in their cognitive system, integrated into their value system, depending on their history and the social and ideological context they face (Simon, 2013).

The concept of discourse and influence are two strongly related concepts; talk is undoubtedly an exchange of information, but it is also an act governed by precise rules that seek to transform the situation of

the receiver and modify his belief system and / or change his system of attitudes (Junhui, 2015). A discourse not only describes the preexisting reality, but also constructs the representation of reality that the speaker wishes to share with his interlocutor. In general, for most language specialists, the issuance of a discourse (oral or written) entails the intentionality of acting on others.

Companies seek to influence and control the organization through their speech and sensemaking (Weick, 1995). Communication is seen as the core of the organization and its environment through discursive practices; its members engage in the construction of a complex system with different meanings (Lämsä & Sintonen, 2006). In the same sense, Gorysberg & Slind (2012) show that the evolution of organizational discourse is strongly structured by its context of enunciation, that is, for the content of a discourse to be communicable it is necessary to share certain cultural presumptions. Acts of language are influenced by the context in which the person who communicates, develops and also contributes to build relationship is a creator of a social reality. When he wants to share this relationship, he evaluates the speaker and of the functions or effects of the discourse in the said context (Teun, 1993). Similarly, Simon (2013) points out that discourse is a tool of co-construction of organizational identity.

The analysis of the data is performed according to an interpretive perspective, that is, the narrative is considered a reflection of the culture. For this reason, the carries out the analysis of written discourse, bearing in mind three dimensions implicit in it: social, cognitive and discursive. The understanding of written discourse is a psycho-discursive phenomenon and of a social as well as cognitive nature. In its social dimension, understanding constitutes a situated communicative activity. As for its cognitive nature, the comprehension of discourse is an intentional process of high complexity, conformed by a series of psycholinguistic processes, sustained both in lower-order cognitive processing: attention, perception and memory and Superior: decision making, monitoring, reflection, among others (Bhatia, 2004). The analysis is presented below.

3.0 Social and Discursive Context of the Document

Context is defined as the set of extra lingual conditions of production of a discursive situation and is decisive in understanding an utterance. Language acts must be understood in their context of enunciation. The mastery of the ability to speak and understand is fully manifested in writing, in the writing of discourse and in the understanding of writing; it is one of the relations that the researcher establishes between rhetoric and hermeneutics (Halliday & Hasan , 1985; Malinowski, 1994; Manca, 2012) This context is analyzed from the point of view of social and discursive through the approach of three questions: who writes?, who is addressed?, what relationship is established? (SeeTable1).

Table 1: Social and discursive dimension of letters

Investigation questions	Social	discursive	
Who writes?	Announcer	Speaker	Singular, Plural and Neutral
Who is it addressed to?	Receiver	Addressee	Singular, Plural and Neutral
What relationship is established?	Symmetrical and Asymmetric	Assertive, Interrogative, Intimidation	

Linguistic semiotics defines a speech act as a staging that puts in relation two spaces of meaning: external or situational, which is defined as the space occupied by those responsible for such acts and internal or discourse, which is defined as the place of the discursive instance (Levinson, 1983; Thomas, 2013). The social figure presupposes the existence of the discursive figure.

In the social dimension the figures of speaker and receiver are identified in a symmetrical / asymmetric relationship. Then, in the discursive dimension, the figure of the enunciator and addressee is identified in an assertive / interrogative / intimidating relationship. The enunciator mentally constructs the addressee who, in turn, establishes cognitive relations different from those established by the enunciator. Therefore, two different figures appear discursively: the target subject and the interpreting subject (Bruner, 1991).

Analysis of communication

Here the objective is to identify the argumentative structure, from the cognitive and discursive point of view, based on two questions: depending on what is communicated from what is communicated? The first question seeks to achieve the interpretative framework of the enunciator (presuppositions) and the second question the conception of reality from which it is communicated (see table 2).

Communication activities are performed according to the influences that the enunciator has received, in terms of oral or written "say" and the relationships he makes with other events or spaces of activity (Bruner, 1986). Then, they communicate from the (mental) conception of the different spaces of action that we possess or the conception of the action performed by other individuals, more so of the projection of said action. Finally, it is a particular way of representing certain events.

Table 2: Analysis of communication

Questions	Cognitive and discursive dimension
Depending on what is communicated?	Basic interpretative framework, which allows the enunciator to pre-suppose the facts.
From what is communicated?	Conception of the business environment and its relationship with it.

Functions of communication

Managers, in their capacity as representative of the organization, are a channel in front of the company and its environment. Through an act of communication (oral or written) they propose different ways to observe the environment and activities carried out by the company. An act of language is a product of psychosocial beings, that are more or less aware of the practices and imaginary representations of the community to which they belong and the subject, by producing an act of language, does so in order to influence on others (Johnson & Johnson, 1999). The objective is to identify the role of the communication presented in the letters of presentation of the financial statements, how it is proposed to observe the business activity and what is the impact on its environment.

4.0 Results and Discussion

Social and discursive context of the documents

From the content analysis of the directory letters issued between the years 2012 and 2016 it is inferred that the predominant social figure as speaker is the chairman of the board, followed by the general manager. As stated in Company A's bylaws, the general manager has the powers that the board delegates and remains in office as long as he has the trust of this collegiate body. Between 2012 and 2016, two professionals were in the position of president of the board, both of them civil engineers. In addition, a commercial engineer and an economist, performed as general managers.

The enunciator figure is presented in plural form, predominantly through an 'us', followed by a singular presentation expressed as a self and a neutral presentation. The fact that the managers of Company A are presented preferably in a plural form expresses that in their discourse they assume a collective identity; that is, when communicating they include or evoke several people of the company. By using the plural 'we' the speaker creates an environment into which the listeners are also included and this encourages the listeners to become more committed. The letters read: "Among the main challenges we face in 2013 are ensuring adequate progress on structural projects ... In addition, we must continue to improve our competitiveness." (Financial Statement, 2013, Company A)

In the case of Company B, the predominant social figure (speaker) is the chairman of the board, whose function is regulated by law. Between 2012 and 2016, the president - by profession industrial civil engineer - remained in his position. From the discursive point of view, the enunciator is preferably presented in the first person singular, I, who assumes an individual identity, that is, is presented in a subjective, sincere and intimate. The discursive self is constructed while it is being written and implies the identification with certain social discourses and often occurs implicitly (Castelló, Corcelles, Iñesta, Bañales & Vega, 2011). From the organizational point of view, a committed manager is shown, who adheres to an institutional discourse. Failure to comply with workers' demands would eventually lead to the halting of work, lower production targets and increases in production costs.

Company A executives, through the statements in the letters of publication of the financial statements, show empathy with the demands of the workers, but also explain the efforts made by the company with the rest of the Sri Lankans to meet their demands. For this reason, good relations with them must be maintained in order to produce and thus deliver benefits to all Sri Lankans. For example, the letters read: "Being the Chairman of the Board of Directors of Company A, I have had the opportunity to know, from the first source, the most relevant information about the Corporation. Based on the above, I am convinced that the company has advanced in the right direction, that it has fulfilled its goals adding value and providing resources, and that, therefore, it belongs to all Sri Lankans and is more than justified."

It can be inferred from the polyphonic discourse theory (that) in discursive strategies the enunciator addresses the addressee employing plural terms personal pronoun 'you'. The year 2013 was an exception, where the figure that happens to predominate is the neutral. The neutral figure marks a distance from its addressee in the discursive point of view.

Undoubtedly, the directors of Company A and Company B in their roles of announcer and enunciator of the letters establish a context of interpretation of the financial statements from their statements. That is, if the speaker refers to a particular object, indirectly, he is exerting influence on his interlocutor. When people talk, they transmit information to interact with others; they are finally doing an action. In Brandom's words (2003) "a saying is a doing"; according to the researcher, certain statements are not simple affirmations, but actions.

In the case of the company B, the speaker shareholders are addressed first and then the workers. The letters read: "The year 2012 presented a complex and challenging macroeconomic environment for Company B…. The Sri Lankan economy performed relatively weak, considering the positive international environment, which, together with strong competition in some segments of the domestic market, negatively affected

the Company's results" (Financial statement 2012, Company B). It can be deduced that the decline in the results of the company had an impact on the Sri Lankan economy, an external event that is beyond the control of the company. From the discursive point of view, the enunciator addresses a predominantly plural addressee, expressed in you, that is, he commits himself to the recipient figure. Also the figure of the recipient appears as neutral; in this case, the enunciator takes distance from the recipient, that is, does not get involved.

Power relations are part of an act of communication and reflect the degree of closeness or distance with the target audience on the basis of the type of relationship that the enunciator wishes to establish with the recipient. From the social point of view the power relation is established using language (symmetric) which shows equal responsibilities for both the speaker and the listener and from the point of view of discursive in terms assertive, interrogative or intimidating (asymmetric) terms are used. In the case of Company A, the chairman of the board or general manager preferably establishes a symmetrical relationship with its target audience (workers and Sri Lankans); from the discursive point of view, an assertive relationship is established, between enunciator and recipient.

An assertive discourse allows the enunciator to appear with certainty and authority, the above does not mean that the statements that appear in the letters

represent the truth; nevertheless, they are offered with security and knowledge, using words that try to persuade the recipient about what is to say or what to do. The letters, read: "The main company of Sri Lanka must be leader in all aspects, for the good of Sri Lanka" (Financial statement 2013, Company A).

In Company B, the chairman of the board preferably establishes with the target audience (shareholders and workers) an asymmetrical relationship; from the discursive point of view, an assertive relationship is established, between enunciator and recipient. The letters read: "At the conclusion of this account I would like to thank all our customers and suppliers for their preference and loyalty; to all persons working in the Company for their commitment, dedication and effort in the fulfillment of their responsibilities; and finally, to our shareholders for the permanent trust placed in our institution."

Analysis of communication

Company A executives develop their message in terms of the business reality they have contributed to building, which is their collective memory (Bruner, 2002) since the contribution of this organization to national development is a theme that is installed in Sri Lankans society; Executives know this and explain it in the letters of communication of the financial statements, as phrases such as "Sri Lanka is optimistically looking forward to the future of Company A, which is closely linked to the future of Sri Lanka ." It is not Sri Lanka that realizes this presupposition, but the executives

of Company A. Thus, we can affirm that the president of the board and / or general manager communicates according to the representations that they have of a public company like Company A, thus conforming its interpretative framework. This is complemented by the role of the managers of an organization, among others, to promote its image, as spokesperson, in relation to its environment and influence the environment through its discourse to obtain long-term relationships with added value (Fairholm, 2000).

The executives communicate on the basis of their conception of Company A, a company that participates in a historical milestone and is socially responsible. In 2015, the new President to the country was elected, which became a historic milestone for executives. In the letters are phrases such as "Company A will continue to enhance its contribution to the development of Sri Lanka. That is the great task of this decade, which begins with the celebration of the new era "(Financial statement 2015, Company A). The reference to the Presidential Election is a way of communicating and clarifying the role that Company A has had as a public company in the country's development, through the generation of surpluses and the one that contributes the highest revenues to the nation's budget. However, the concept of historical milestone is not present in the company Company B.

The concept of responsible company is a basic conception of executives in their speech. This conception is inferred from the reference to the different actions that the executives say that the company carries out, from the social, cultural, economic, environmental and labor points of view. An analysis of the letters by the researcher showed that the assumptions made are mainly in the human resources dimension (18%), then in the environmental dimension (16%) and finally in the economic dimension (13%).

From the analysis of the financial communication it can be inferred that the executives' discourse, which accompanies the presentation of Company A's financial statements, has a preferential national focus, since it emphasizes its contribution to the country's development; it is also a socially responsible company that engages and establishes a place in the country's history. Finally, a relationship is created with the strategic dimension of financial communication, a strategic and tactical weapon that allows the generation and diffusion of a desirable image before its target audience (Bompoint & Marois, 2004).

In the case of the Company B, the managers communicate, first, from the conception they have of a socially responsible company and then from the concept of multinational company. An analysis of the letters by the researcher showed that the assumptions made are mainly based on the economic dimension

(30%), then on the environmental dimension (18%) and lastly on the human resources dimension (12%).

The allusion to the concept of socially responsible enterprise appears, preferably, in reference to the contribution the makes to the communities within its catchment area, which are mostly agrarian communities.

In the letters are phrases such as "in Sri Lanka the Company B foundation actively collaborated with the education of communities ... the education of our neighbors has become a moral and strategic imperative". Company B is a company belonging to the forestry industry and as such its directors are aware of the externalities generated by their activity in the environment, starting from the supply of raw materials. This requires the afforestation of territories that were originally used in agricultural production; at the same time, afforestation and subsequent felling of forests has an impact on small farms in neighboring communities, for example, after a few years of a forest plantation, water flows begin to decline due to an increase in the evapotranspiration rate. The protection of these territories is carried out by social pressure groups (e.g. environmentalists, indigenous people) while the Company B directors through the letters disseminate information to the national community, against the pressure of these social pressure groups.

Second, managers communicate from the conception of a multinational company, unlike the Company A, where it is not known whether the company has subsidiaries abroad. Company B's letters reveal judgments such as "overseas subsidiaries improve their results measured in dollars." "During 2015, significant progress was made in the international development projects of Company B Tissue, with the acquisition of the operations of the X Group." In both cases, the directors of Company B report that the company's performance has transcended the borders, and this information is addressed to the shareholders and potential investors of the company.

The directors of the Company B also contribute to national development from a socially responsible company role. The strategic dimension of financial communication is inferred, seeking to face the challenges that arise in its immediate surroundings, unlike the Company A.

Company B's financial communication also emphasizes the notion of multinational company and the success of investment projects outside national boundaries. In this sense, the marketing dimension of financial communication is related to the positioning of the company in the stock exchange, which seeks to positively influence the share price of the company.

Role of financial communication

From the analysis of the data, it is inferred that the objective of the discourse

presented in the financial statements presentation sheets - issued by the Company A executives - is in the first place the projection and maintenance of a desired image of the executives: "The historic figures of these years - surpassing US $ XXX million in the period - reaffirm that Company A is Sri Lanka 's best business....Company A is the most valued company by all citizens; second, to maintain power relations with the pressure groups, especially with the workers, which is reflected throughout the period under study with judgments such as "a word of thanks for the Company A workers, for their commitment and development of the company, since none of the resources generated for Sri Lanka in these years would have been possible without their participation"(Financial statement 2015, Company A).

Workers through their trade union organizations represent one of the most important social pressure groups. For them, the financial information of the company plays a fundamental role when carrying out the processes of collective bargaining. It can be inferred that the managers focus their attention on the maintenance of harmonious relations with the workers with the objective of reducing the financial impact of the collective demands of the workers, the accident rate and the possible work stoppages.

In Company A's case the projection and / or conservation of a desired image becomes a constant throughout the study period, for example, it can be read: "The foundations of our business are solid and we are optimistic to keep this path with a focused investment strategy."This image is projected mainly to the shareholders, seeking to maintain confidence levels in the economic group and, therefore, to promote the company as a product, whose value is reflected in the share price.

Likewise, the message that seeks to communicate its commitment to Sri Lankan society as a whole, mainly with social pressure groups, is reiterative. Information is provided on social responsibility projects carried out, for example, "The year 2014 was marked by the celebration of the XXth anniversary of the company, which gave rise to various activities with the community (Financial statement 2014, Company B).

Undoubtedly, this information is not addressed to the Sri Lankan people as a whole, but to the shareholders, mainly, and social pressure groups (environmentalists and indigenous people), both interested in knowing the relationship between the company and its immediate surroundings, according to the interests of each group.

5.0 Conclusions

From the inductive analysis of the results obtained, we can infer and propose the following hypotheses: From the discursive point of view, the enunciators of the letters of communication of the financial statements of both companies communicate assertively with their addressees, becoming involved and committing them to the speech expressed. From the social point of view, the announcers of the letters of presentation of the financial statements of the company A establish in the communication,

symmetrical power relations; on the contrary, in the case of Company B, it establishes asymmetric relations.

Through the speech presented by the chairman and / or general manager in the letters of presentation of the financial statements, the aim is to align the results obtained with the context that the company faces. The speech is mirrors the situations the company faces both within the country and abroad, which directly or indirectly affects the company. Thus, the articulation between the text and the social space where it is produced is confirmed.

Managers - through the financial statement presentation letters - expect to disseminate a desired organizational image as well as exerting influence on social pressure groups. For Company A executives, the focus is on workers, while for Company B is on neighboring communities. In this way, the strategic dimension of managerial discourse is established. On the other hand, for Company B managers' focus is also on investors, and to deliver favorable financial information in order to influence the share price; That is, the promotion of the company as a product to the stock market. Thus, the marketing dimension of managerial discourse is established,

which seems delicate, especially in the context of private companies.

The ultimate goal of a private enterprise is usually expressed in terms of utility maximization, which often causes managers to deviate from the essential, that is, from productive processes; they have transformed the companies into "products" that are traded on the Stock Exchange. For managers what is important is how to influence the price of action, this has kept them away from the problems that occur in the operational core, which is what really interests the society as a whole.

Finally, it can be inferred that one of the roles of the managers of the organizations - public or private - is to exert influence, through the language, on a certain group of reference. This influence is due to a strategy put in place to position the interests of the organizations. Thus, through the discourse in the letters, it is intended to influence the thinking of the recipients, in the construction of their knowledge, accumulating experiences, allowing them to reiterate their experiences, recognizing them as identical, and finally becoming familiar with the business world.

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ANALYSIS OF EXPORT PROBLEMS IN INTERNATIONAL MARKET FOR INDIAN ELECTRICAL EQUIPMENT INDUSTRY AT POWER DISTRIBUTION SECTOR

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Abstact

Export of engineering products is one of major income of the nation. This research article focused on the export problems of Indian Electrical Equipment at power distribution sector. This study has analyzed the different dimensions of export problems perceived by the exporters at power distribution sector of Electrical Equipment industry. The exporter category namely contractors, retailers, traders are selected and their perspectives are obtained. The members of Indian Electrical & Electronics Manufacturing Association (IEEMA) were considered as population and the primary data were collected from 500 organization's executives in an exhibition conducted by IEEMA and a well-designed pre-tested questionnaire was used to collect the primary data regarding their export problems. The different dimensions of export problems were categorized into procedural problems, informational problems, international marketing problems, export oriented production problems, financial problems, environmental problems, HR problems. The result of the study shows that financial and environmental problems are the major issues in the export of Indian electrical equipments. This research study suggests that exporters should frequently visit foreign countries to have contact with buyer which will improve the performance of export with respect to product quality, technology, brand image, packaging and transportation, adequate attention and resource commitment. And also recommends to export promotion body should open branch offices or tie-up with marketing agencies of different countries to collect the latest information relating to business practices, competitive environment, cultural and social environment, political, economic and other market related information. The present study pointed out the scope for further research like, managerial characteristics and its influence on exports may be studied, conducting further studies in the similar area, pricing, inflation, currency exchange problems to be concentrated and study of marketing behavior from view of importers or buyers to understand their needs and expectations

Key Words: Indian Electrical Equipment industry, Export problems, International market.

1.0 Introduction

In this era of globalization of the economic environment, International business plays an important role in shaping the social and economic performance as well as the prospects of countries around the world.

International business is of prime importance, especially for developing countries. Hurdles are problems avoiding entrant firms from being established in a particular market. For every firm looking to invest in an international market, it is important to understand what will avoid it from being successful there. Also, for the organization already doing business, it is necessary to know problems to the future development. Some problems fundamental because of the government policies and procedures, and some are concealed problems.

National culture and social forces have the intense political unrest can change their attitude towards foreign companies at any time; in turn, this unpredictability makes an unfavorable atmosphere for the international trade.

Increase in exports provides some benefits to exporter as well as the nation export sector have been termed as a priority sector for Indian Economy. It is treated as an engine of economic growth and an apparatus for employment generation. Government has made every effort to increase export, and raise the volume and value of exports. Better export, enactment leads to do industrial development, economic development, foreign exchange capitals, and satisfactory balance of payment etc. All these benefits will be available only when exports are made at large scale.

According to the article Indian electrical industry (2012), in recent years, electrical equipment's' imports are raised faster than exports.

Sanjeev, (2012) stated that India's total export value is USD 5 billion, which is nearly 1% of total world share of electrical equipment industry and also suggested that if there is detailed analysis of export problems of Indian electrical equipment industry, it will help to increase the Indian electrical equipment industry's export share from 1% to 16 %.

Based on the statement, this research study focused the various export problems related to Indian electrical equipment industry.

2.0 Identification Of Export Problems

The study has proposed to analyze the export problems in International market for Indian Electrical Equipment at Power Distribution Sector. The companies in India which have membership in IEEMA and involved in export are considered as respondents.

In this study, the various export related problems are identified and categorized, namely Procedural Problems, Informational Problems, Export oriented Production Problems, International Marketing Problems, Financial Problems, Environmental problems in Export and Human Resource management problems in Export.

3.0 Research Objectives

The present work analyzes the identified problems with respect to the demographic variables of the respondents (Exporters) namely Designation, Exporter Category, Export Volume of the Organization, Years of Experience in Export, Frequency of Export, Ownership of Organization, Employee's Strength, Location of Organization, Distance between Factory and Seaport, Distance between Factory and Airport with various export problems.

The objectives of the present study is to describe the distribution of Respondents (Exporters) accordingly to their demographic variables; to analyze the major problems perceived by the respondents (Exporters) at the Power Distribution Sector in International Market; to examine the factors which determining the problems in Exports of Electrical Equipment; to find out the contribution factors in Export Problems of Indian Electrical Equipment Industry.

4.0 Review Of Literature

4.1 Documentation and Export Promotion

Several studies have been conducted world-wide on problems experienced by the exporters in different perspectives in the field of Industrial Equipment Exports. A detailed study on procedural problems in export, documentation and export promotion process are studied by Tarafar (2010) and Mah (2007). Ramachandran et al. (2015) studied about the documents and financial assistance from bank,

Time demand in export process and lack of skilled manpower to handle export process. Thomas and Bridgewater (2004), Evirgen et al. (1993) have studied about International Market selection. Jiag and Tian (2009) have studied about export information acquisition and international market entry.

Tarafdar(2010) told that export involves a large number of documents. The exporter will have to arrange export documents required in his country and also all the documents as mentioned in the documentary letter of credit. In India, there are as many as 25 documents (16 commercial and a regulatory documents) to be filled in. The author also told that the Government restrictions compel the exporters to follow certain rules and regulations in the form of licenses, quotas, and customs formalities. Due to such restrictions, new problems develop before the exporters. Even trade restrictions in foreign countries create problems before exporters. Indian exporters face this difficulty of government restrictions and foreign exchange regulations even when trade policy is now made substantially liberal.

4.2 Marketing Challenges

Sundaram and Kamal, (2013) investigated the relationship between importers and exporters in international trade. They show that it is important to find potential importers in international business. The study searched the evidence of importer – specific spill over in the decision of manufacturers. The authors found that spill over may vary by both

importer and exporter characteristics. This study underlined the significance of spill over from exporting, whose capacity extends beyond the level of export destination, to that of the importing firm. The authors suggested that knowledge and information gains are probably realized when the individual importer and exporter interact.

Ramachandran., et al.,(2015) studied difficulties in export process due to challenges faced by logistics industry in India. They observed the following challenges; transport related challenges, issues of port sector, storage infrastructure related challenges, tax structure related challenges, technology and skills related challenges.

The authors said that very poor roads, multiple checkpoints and slow expressway network development, high turnaround time in ports, inadequate depth at ports, poor storage infrastructure, and poor skill levels are some of the challenges faced by logistics industry. The study concludes that logistics sector should provide value-enabling solutions for manufacturing sectors to promote export process. This study provides clear way for further study of difficulties in export process and lack of skilled manpower to handle export process in regard of logistics industry.

4.3 Product Innovation and Modification

Zhang et al (2009) have examined the relationship between product development strategy, product innovation performance and product knowledge utilization. Based on the primary data collection from 103 manufacturing organizations,

the pre-sated research hypotheses are tested and researchers have revealed that there is U – shaped correlation between product development strategy and product innovation. At same time it also establishes a positive association between product developments, product innovation, and product performance. This research interpretations support the previous literatures which imply that product innovation performance increases by means of consumption information from network connections. From the survey, it is viewed that information application plays a solid part in the development of new products which in turn encourages export business. This article gave the importance of factors like product innovation, product knowledge and product development, which is helps to study various factors of export related production problems.

Amiti and Khandelwal (2011) studied on import competition and pre-quality product upgrading. According to study, it is important to analyse the factors responsible for country's transaction from low – quality to high – quality products. It is because, high – quality goods production is always considered as a pre-condition for export success and economic development. This research evidenced that countries' import tariffs affect the rate at which they upgrade the products. The study finds that lower tariffs encourage the quality upgrading for products close to the world quality frontier. But lower tariffs discourage quality are upgrading for products distant from the world quality frontier. This information is very much important in pre-qualification of product at international market.

4.4 Informational Problems in Exporting

Jonathan et al (2004) examine informational problems of the foreign market entry behavior of manufacturers in various industries for different export markets using a comprehensive data set of organizations. These data expose massive heterogeneity among various industries because of the nature of export market perception. However, some prominent monotony performs both across and within industries. The data add a new aspect to an embryonic pragmatic literature exploring export business at the level of individual manufactures. The research findings revealed that most of the organization did not involve export business and interested to sell in the home country due prevailing of various significant information problems. This research study helps to further study about export related informational problems.

Thomas and Bridgewater (2004) investigated about internet and exporting as determinants of success in virtual export channels. The advent of the internet has created the possibility for exporters to serve international markets using Virtual Export Channels (VECs). The researcher identified the factors that influence success in using these new channels to export markets. The study suggests that how well firms use the technology is more important than what they use it for. Investment and commitment to the Internet influences are successful implementation. Moreover, firms with an existing export sales capability are far better in using VECs.

4.5 Capital Investment and Financial Constraints

Aw et al (2011) explained Research and Development investment, exporting, and productivity dynamics. The study analysed a dynamic structural model of manufacturer's decision to enter foreign market by investing in R and D, it has an effect on productivity in future. Taiwanese electronics industry was selected for analysis. Data analysis shows that foreign market and investment in R and D both have a positive effect on productivity in future. This stimulates more industries to self-select to foreign market and increases productivity gains. Expansion of export market increases R and D investment and foreign market entry and exporting which leads to gradual improvement in productivity.

Greenaway et al (2012) identified the effect of exchange rates on firm exports and the role of FDI. In this study, the researcher argued the effect of exchange rate on foreign market entry and firm's export decision and the export intensity of multinational companies in UK. Data was collected from British manufacturing firms involved in export. The results find that exchange rate has only little significant on firm's export decision and has a particular significant effect on export shares. The researcher also identified the important difference between multinational firms from different country origin. Multinational companies from other than EU are not much affected by exchange rate changes. This study suggests a way for further study of exchange rates in Asian countries.

4.6 Environmental Influences on Exporting

O'Cass and Julian (2003) examined the firm and environmental influences on export marketing mix strategy and export performance of Australian exporters. The study examined the impact of specific firm characteristics, environmental characteristics and marketing mix strategy on export marketing performance. Data were gathered via a mail survey of firms engaged in exporting. The results indicate that firm characteristics and environmental characteristics impact significantly on both overall performance and marketing mix strategy adaptation by exporting firms. However, the decision to adapt or standardize the marketing mix strategy did not significantly impact marketing performance, implying that either standardization or adaptation is appropriate and yields comparable performance. This gives a path to further research firm characteristics and environmental characteristics on exporting performance.

4.7 Managerial Capabilities and Export Performance

Lages et al (2009) studied about relationship capabilities, quality, and innovation as determinants of export performance. The study analysed whether organizational learning, relationship and quality capabilities induces product quality and product innovation and export performance by employing resource-based perspective. Two kinds of respondents from the same firm are used for the analysis. From the analysis, the researchers found that there is strong support for the relationship between relationship capability, quality strategy and innovation performance. The result suggests that firm's manager should involve in relationship capabilities. This only will improve product innovation performance and quality of the product. This product innovation improvement in turn influences export behaviour. From the findings, it is revealed that economic performance is mainly depending upon relationship capability and product innovation performance. As per study, these two very much improves economic performances.

4.8 Research Gap

The researchers has identified that a study on the problems experienced by the Electrical Equipment sector like Power Transmission and Power Distribution are not broadly available. Therefore, it is considered as research gap and resulting in making an attempt to fill such a research gap. This research gap led the researcher to study the major problems perceived by the exporters at the Power Distribution Sector in International Market.

5.0 Conceptual Frame Work Of The Study

According to foreign trade policy, 2009-2014, the list of potential problems in exports is given one by one. These are poor quality, high prices, inadequate promotion, power – follow-up of sales, poor negotiation skills, poor infrastructure, documentation and formalities, negative attitude of overseas buyers, recession in world market, reduction in export

incentives, several competitions in global marketing, problems of product standards, government restrictions and foreign exchange regulations, high risk and uncertainties etc.

These problems are grouped into seven categories and analyzed in order to find out the major hurdle to export.
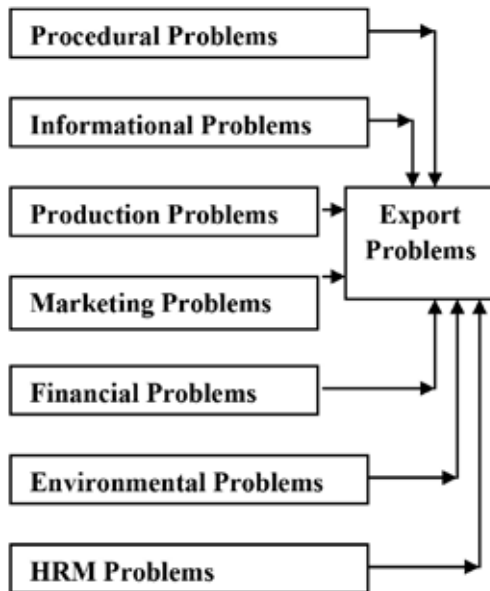
Figure 5.1 Conceptual Framework

This study has carefully reviewed the various literatures on export related problems in the industrial sectors. It is found that there are very few studies available in the field of Electrical Equipment Industry at Power Distribution Sector. In order to strengthen the industry, the study has made an attempt by conceptualizing a frame work and formulated hypotheses.

6.0 Hypotheses of The Study

H1: Procedural Problem has significant contribution on overall export problems

H2: Informational Problem has significant contribution on overall export problems

H3: Export oriented Production problems has significant contribution on overall export problems

H4: International Marketing Problem has significant contribution on overall export problems

H5: Finance Problems has significant contribution on overall Export Problems

H6: Environmental problems in Export has significant contribution on overall Export problems

H7: Human Resource Management problems in Export has significant contribution on overall export problems

7.0 Research Methodology

The research design of the study is mainly descriptive approach which describes the export related problems in the international market for Indian Electrical Equipment at power distribution sector.

7.1 Instrument for Data Collection

The structured questionnaire was used for data collection. It was tested by validity and reliability analyses. The questionnaire consists of two sections; The section-I was designed to collect the demographic information of the organizations; The section –II scale measured the Export Related Problems such as Procedural Problems, Informational Problems, Export Oriented Production Problems, International Marketing Problems,

Financial Problems, Environmental Problems in Export and Human Resource Management Problems in Export.

7.2 Pilot Study

A small group of target respondents (38 respondents), are approached and collected primary data for the pilot study. Pilot study also specified how well the respondents recognize the questions and which questions may be confusing and vague. The response can be used to remove uncertainty in the phrasing and design of the questionnaire. Pilot study further assists the researcher in calculating the time involved in concluding the questionnaire. This is an important issue that effects on the response rate.

Finally, few errors in the statements of the questionnaire has corrected. The response rate was 80.0 per cent. The obtained responses were coded and a preliminary analysis was done. The questionnaire was pre-tested by using validity and reliability analyses

7.3 Population

According to the IEEMA there are 800 member organizations in all over India involved in the export of Electrical Equipment to International Market (ELECRAMA-2016).

The target population of the study is identified as all the member organization registered with the IEEMA. Hence the population of the study is 800 member organizations of IEEMA functioning in different parts of India.

7.4 Sample Size and Sampling Technique

The organizations participated in ELECTRAMA Exhibitions were approached for the present study. Most of the organizations have responded during the exhibition and some of them requested to send the questionnaire through email. This data collection was done the year 2016.

The required sample size is 457 respondents, the response rate was 80.00 per cent during the pilot study, hence the researcher has distributed 700 questionnaires to the respondents and received back only 542 from them. Finally, out of 542 filled-in questionnaires, in those 500 questionnaires are usable. The samples are selected for the study by adopting simple random sampling technique.

8.0 Data Analysis And Findings

8.1 Reliability Analysis

Reliability analysis was also applied to test the reliability of the factors presented in Table 8.1

The reliability analysis show that the Cronbach's alpha for seven sub-scales of export related problems range from 0.703 to 0.825, which satisfies the criteria suggested by Blaisdell (1993), Cronbach's alpha should be at least 0.70 to be considered as acceptable.

Table 8.1 Results of Reliability analysis

Section No.	Sub-scales	Total No. of Items	Reliability (α)
	Export related Problems		
(1)	Procedural Problems	19	0.741
(2)	Informational Problems	15	0.797
(3)	Export Oriented Production Problems	27	0.825
(4)	International Marketing Problems	25	0.798
(5)	Financial Problems	21	0.733
(6)	Environmental Problems in Export	20	0.746
(7)	Human Resource Management Problems in Exports	10	0.703

Table 8.2 Distribution of Respondents (Exporters) according to the Demographic Variables

Demographic Variables	Categories	No. of Respondents	Per cent
Designation	Manager	107	21.36
	Executive	286	57.28
	supervisor	107	21.36
Export Category	Contractor	71	14.17
	Wholesaler	106	21.16
	Trader	108	21.56
	Manufacturer	215	43.11
Export Volume of the Organization (Indian Rupees)	Less than 1 crore	144	28.74
	1 - 5 crore per year	213	42.71
	5-10 crore per year	107	21.36
	Above 10 cr per year	36	7.19
Years of Experience in Export	Less than one year	198	39.60
	1-2 years	143	28.60
	3-5 years	94	18.80
	Above 5 years	65	13.00
Frequency of Export (No. of consignment per year)	Upto 5 consignments	143	28.54
	6-10 consignments	213	42.71
	Above 10 consignments	144	28.75
Ownership type of Organization	Proprietorship	216	43.11
	Partnership	144	28.75
	Joint venture	140	28.74
Employees Strength	Upto 25 employees	143	28.74
	26-50 employees	215	42.92
	Above 50 employees	142	28.34
Location of Organization	Rural	180	35.93
	Urban	320	64.07
Distance between Factory and Seaport	Less than 100 km	142	28.34
	101-200 km	286	57.29
	Above 200	72	14.37
Distance between Factory and Airport	Less than 100 km	141	28.14
	101-200 km	251	50.30
	Above 200	108	21.56
Total		500	100.00

8.2 Distribution of Respondents (Exporters) According to the demographic Variables

The majority of respondents is manufacturer (43.11 per cent) and followed by Trader (21.56 per cent), Wholesaler (21.16 per cent) and Contractor (14.17 per cent). It is found that, middle level management are responded the study(57.29 per cent) compared to both top level management (21.36 per cent) and bottom level management (21.36 per cent). The Analysis noticed that, Organization's business volume between 1-3 crore per year has more responded (42.71 per cent) and least responds from organization's business volume ranging 5-20 crore (7.19 per cent). The majority of the organization ownership is coming under proprietorship (43.11 per cent).

It is identified that, employees' strength ranging between 11-25 employees are responded compared to other ranges like less than 10 employees (28.74 per cent) and more 25 employees (28.34 per cent). With regard to frequency of export, it is observed that 42.71 per cent of organization, who is doing 3-5 consignment are responded compared to less than 2 consignment (28.74 per cent) and 6-9 consignment per year (28.54 per cent). The results show that, responses are received less export experience (28.74 per cent), 1-2 year (42.71 per cent), 3-5 years (21.36 per cent) and 6-8 years (7.19 per cent). The overall support study reveals that urban based located organization has responded (64.07 per

cent) compared to rural based located organization (35.93 per cent). Regarding seaport distance, the organization located 101-200 km are responded more and regarding airport distance located 101-200 km also responded more.

8.3 Major Problems Perceived by the Respondents (Exporters)

The experienced problems by the exporters are divided into Procedural Problems, Informational Problems, Production Problems, International Marketing Problems, Export Financial Problems, Export Environmental Problems and Human Resource Management Problems.

Descriptive statistics (Mean and Standard Deviation), ANOVA and MANOVA are used for the analysis. The problems analyzed are quantified by considering the likert's point-scale pattern (strongly agree – 5, agree-4, neutral-3, disagree-2, and strongly disagree -1). The quantified mean scores of each problem are analyzed with demographic variables of the exporters (respondents) and ascertain by ANOVA & MANOVA.

From the analysis, it was found that managers have expressed slightly more problems in the Procedures, otherwise supervisor have experienced more problems in other dimensions. Designation of the respondents wise there is a significant difference at the 0.05 level among the exporting organizations is export oriented procedural problems and other problems are not differed among them according to their designation.

Exporter category-wise, traders have expressed more problems in all the dimensions than other groups. The variables Procedural Problem is differed significantly at the 0.05 levels, other variables namely, Informational Problems, Export Oriented Production Problems, and International Marketing Problems are differed significantly at the 0.01 level. The other variables namely, Financial Problems, Environmental Problems in Exports and Human Resource Management Problems are not different according to the different Export categories. Annual Export Volume-wise, the respondents groups namely, 'up to 5 crores' perceived more problems in Informational, Production, International Marketing and Financial Problems.

Years of Experience in Exports-wise, Export related Problems are highly perceived by the 'less than one year' experienced group. The variable export oriented Production Problems is differed significantly at the 0.01 level; Informational Problems and Marketing Problems are differed significantly at the 0.05 level; and other variables namely, Procedural Problems, Financial Problems, Export Environmental Problems and HRM Problems are not differed significantly with respect to the number of year experience in exports.

Frequency of Export-wise, the respondents group, 'up to 5 consignment per year' has expressed lesser problems in procedural problems, on the other hand this group has expressed more problems in Export oriented Production; '6-10

consignment per year' exporting group has expressed more problems in International Marketing and Financial problems; and alone 10 consignment per year exporting group has experienced more problems in Informational, Environmental and Human Resource Management Problems. The variables export oriented Production Problems and Marketing Problems are differed significantly at the 0.01 level and other variables do not differ significantly in export problems with respect their Frequency of Export.

Ownership type – wise Sole proprietorship organizations have experienced more problems in the dimensions of export problems than other groups. Export oriented production problems are differed significantly at the 0.01 level and there is no significant difference among the organizations in their perceived other export related problems with respect to ownership type of Organization. Employees strength – wise the organizations those have upto 25 employees have perceived major problems in export of the dimensions than other groups. export oriented Production Problems are differed at the 0.05 level among the respondents other variables do not differ significantly in their perceived export problems according to the Employees Strength of the organizations.

Location of the organizations-wise Urban situated organizations have more problems in Procedural, Informational, and Production, whereas Rural located organizations have more problems in International Marketing, Financial export Environment and HRM problems. There is no significant difference between the respondents groups from Urban and Rural located export organizations in their perceived export problems.

Distance between the factories and seaport-wise, the organizations and situated beyond 100km have expressed more problems in all the dimensions of the export problems. Distance between the Factory and Airport-wise the organizations are located above 100km have expressed more problems in the dimensions of export. Informational problem, export oriented Production Problems, and International Marketing Problems are differed significantly at the 0.01 level and other variables are not differed among the respondents according to the distance between their organizations Factory and seaport. The variables such as, Informational problem and Production Problems and differed significantly at the 0.01 level and other variables do not differ significantly among the different group of respondents according to nearest Airport distance.

8.4 Correlation Between The Subscales of Export Problems

Pearson's Correlation Co-efficient test is used for the correlation analysis. Procedural Problems has significant correlation at the 0.01 level with the other factors namely, Informational Problems (r=0.357), Export oriented Production Problems (r=0.405); International Marketing Problems (r=0.280), Financial Problems (r=0.540), Environmental Problems in Export (r=0.533), and HRM problems in Export (r=0.550);

Table 8.3 Correlation Between The Subscales Of Export Problems

	1	2	3	4	5	6	7
Procedural Problems	1						
Informational Problems	.357**	1					
Export oriented Production Problems	.405**	.560**	1				
International Marketing Problems	.280**	.471**	.442**	1			
Financial Problems	.540**	.407**	.444**	.347**	1		
Environmental Problems in Export	.533**	.401**	.435**	.331**	.982**	1	
HRM problems in Export	.550**	.332**	.344**	.275**	.471**	.505**	1

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

From this result it is very clear that Procedural Problems have higher correlation with other factors. Likewise, Informational Problems, Export oriented Production Problems, International Marketing Problems, Financial Problems, Environmental Problems, HRM problems have higher correlation with the other factors.

8.5 Path Analysis

The hypothesized model was tested with maximum likelihood method. Then path model was run on the model developed by the researcher.

All the goodness of fit results falls into acceptable level of fit as suggested by Hair et al.,(1998), Schumacker and Lomax (1996). It is understood that different fit indices assess fit in different ways and the researcher has relied on all indices to reach a judgement concurring the overall fit of the model.

The hypotheses were tested by examining the maximum likelihood estimates, standard errors and the associated critical ratio values.

Table 8.4 Goodness Fit Statistics of the Measurement Model

Variables	Recomme-nded	Obta-ined
Chi-square value	-	57.150
df	-	5
Chi-square significance	p ≤0.05	0.000
Chi-square / df	< 5.00	3.909
Goodness of Fit Index (GFI)	>0.90	0.954
Adjusted Goodness of Fit Index (AGFI)	> 0.90	0.904
The Normed Fit Index (NFI)	> 0.90	0.917
Relative Fit Index (RFI)	> 0.90	0.901
Comparative Fit Index (CFI)	> 0.90	0.923
Tucker Lewis Index (TLI)	> 0.90	0.905
Root Mean Square Error of Approximation (RMSEA)	<0.05	0.074
Root Mean Square Residual (RMR)	<0.02	0.027

The values are displayed in the Table 8.5 shows the variables expressed as a linear function of its underline variable expressed along with its estimate, standard error, the relevant critical ratio and the significant value.

Going by the critical ratios, it has been found that the following paths are

significantly different from zero to 0.01 level of significance and the results are discussed with the similar studies conducted by the eminent researchers.

The standardized regression weight result shows that Export oriented Production Problems have significant contribution on Export Problems. The standardized regression estimate is 0.448 and p-value is significant.

Table 8.5 Regression Weights for Personality

Description of Paths			Estimate	S.E.	C.R.	'p' value
Procedural Problems	←	Export Problem	1.03	.108	9.566	0.001
Informational Problems	←	Export Problem	0.62	.078	7.907	0.001
Production Problems	←	Export Problem	0.67	.080	8.402	0.001
Marketing Problems	←	Export Problem	0.50	.074	6.902	0.001
Financial Problems	←	Export Problem	1.59	.125	12.702	0.001
Environmental Problems	←	Export Problem	1.64	.129	12.704	0.001
HRM Problems	←	Export Problem	0.97	.101	9.566	0.001

The standardized regression weight result shows that Procedural Problems have significant effect on Export Problems. The standardized regression estimate is 0.545 and p-value is significant. Hence, it is supporting the hypothesis. Findings of the study support the previous researchers' findings such as (Helferich, 1986; Smith et al., 2002; Ramachandran et al., 2015 and Agarwal, 2015).

The standardized regression weight result shows that Informational Problems have significant effect on Export Problems. The standardized regression estimate is 0.412 and p-value is significant. Hence, it is supporting the hypothesis. Similar studies are conducted by the Iyer and Soberman (1999), Koch (2001), Souchon et al. (2003), Jonathan et al. (2004), Amiti and Khandelwal (2011).

Hence, it is supporting the hypothesis. Findings and viewpoints of the researchers is fallen with the findings of the researchers in this field such as Sundaram and Kamal (2013), Leonidou and Katsikeas (1996); Liu et al. (1999), Goel (2003), Lachenmaier and Wobmann (2006).

The standardized regression weight result shows that International Marketing Problems have significant effect on Export Problems. The standardized regression estimate is 0.346 and p-value is significant. Hence, it is supporting the hypothesis.

Table 8.6 Standardized Regressions

Variables	Estimate
Procedural Problems	0.545
Informational Problems	0.412
Production Problems	0.448
Marketing Problems	0.346
Financial Problems	0.990
Environmental Problems	0.991
HRM Problems	0.497

Findings and viewpoints of the researchers is fallen with the findings of the researchers in this field such as Katsikea et al. (2005), Lages et al. (2008), Martincus and Carballo (2010).

The standardized regression weight result shows that Financial Problems have significant effect on Export Problems. The standardized regression estimate is 0.990 and p-value is significant. Hence, it is supporting the hypothesis. Findings and viewpoints of the researchers is fallen with the findings of the researchers in this field such as, Greenaway et al. (2010), Aw et al. (2011), Riano (2011), Lawless (2010).

The standardized regression weight result shows that Environmental Problems have positive direct effect on Export Problems. The standardized regression estimate is 0.991 and p-value is significant. Hence, it is supporting the hypothesis. Findings and view points of the researchers is similar with the findings of the researchers in this field such as Sundaram and Kamal (2013), Leonidou and Katsikeas (1996); Liu et al. (1999), Goel (2003), Lachenmaier and Wobmann (2006).

The standardized regression weight result shows that HR problems have significant effect on export problems. The standardized regression estimate is 0.497 and p-value is significant. Hence, it is supporting the hypothesis. Findings and viewpoints of the of the researchers is fallen with the findings of the researchers in this field such as Beamish et al. (1999), Pauwels and Matthyssens (1999), Fischer

and Reuber (2003), Lages et al. (2009), Brambilla et al. (2012) and Faroque and Takahashi (2015).

9.0 Conclusion

The present study analyzes the export problems of Indian electrical equipments industry. The electrical companies in India involved in export are considered as a respondent. The study has analyzed the various problems namely, export related procedural problems, export related informational problems, export related production problems, export related financial problems, export related environmental problems and human resource management problems with respect to the demographic variable namely, business category, frequency of export, export experience, seaport distance, number of employees, ownership organization and airport distance along with various export problems.

The research design of the study was mainly descriptive approach. Questionnaire was used to collect data. Seven hypotheses were formulated and tested. Each export problem has significant correlation with the other factors. Financial Problems and Environment Problems have major positive influence on Export Problems.

The study suggests that Government of India has to set up an export promotion office at Embassies level itself, which will avoid the procedural and information problems. Professional consultants can be appointed at foreign countries to get all the market information by combining all the groups of organizations.

10.0 Limitations Of The Study

The study is limited to Indian companies who are involved in export business of electrical equipment; In this study limited perceptions and expectations of organization to the time period of study.

11.0 Scope For Future Research

The study examined the export organizations representative manager/executive who came to the IEEMA exhibition, with regard to certain key problems. However, some other managerial characteristics and its influence on exports may be studied.

In conducting further studies in the similar area, pricing, inflation, currency exchange problems and other related problems may concentrated. Study on export marketing behavior is needed to study the importers or buyers point of view in understanding their needs and expectations.

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TESTING FOR LONG MEMORY IN THE LKR/USD EXCHANGE RATE: EVIDENCE FROM SRI LANKA

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Abstract

The question of whether exchange rate markets are efficient or not, is directly related to whether or not long memory is present in the exchange rate changes. Therefore, this paper explores the nature of the data generating processes of foreign exchange rate LKR against the US Dollar (USD), (LKR/USD) by examining the long memory properties of the LKR/USD return series based on econophysics models. In this study, autocorrelation function and spectral density function are used as visual test to inspect long memory of exchange rate returns. Further, parametric-ARFIMA model, Semi-parametric test proposed by Geweke and Porter-Hudak, Local Whittle estimator and non-parametric (R/S) test are employed as inferential tests to examine the long memory properties of the LKR/USD using daily data for the period from 2005-01-03 to 2016-12-30. Kernel density of LKR/USD return series show peak and fat tail postures. Visual inspection and inferential results reveal strong evidence of long memory property in the daily LKR/USD exchange rate return. It indicates that pricing by the market participants is not efficient. The results of this study have policy implications for traders and investors in designing and implementing trading strategies. It can also be helpful in predicting expected future return. Thus, the results of this study should be useful to regulators, practitioners and investors.

Keywords: ARFIMA,exchange rate, GPH, Local Whittle Estimator, Long Memory, Hurst Exponent .

1.0 Introduction

In a globalized world, today, exchange rate plays a prominent role in international trade. The behavior of foreign exchange rates is of great importance to international investors. The nature of exchange rate dynamics is important for traders and investors in foreign currency markets. Understanding of long range dependence (long memory) of exchange rate return dynamics can be helpful in estimating expected return hence in designing, and implementing trading strategies. Hence, the study of the long memory property of exchange rate return is important for market participants. Long memory of exchange rate is a topic that has not received its due attention from academics in Sri Lanka.

The aim of this study is to examine long memory in the LKR/USD exchange rate in two steps. First, we employ traditional unit

root tests. Second, we apply fractionally integrated ARMA models that are more flexible long memory models and selected some long memory tests.

This article is organized as follows: Section 2 briefly reviews the literature. Section 3 defines thelong memory model. Section 4 describes the data and methodology of the study. Section 5 discusses the empirical results obtained from various econometric techniques. The final section presents the conclusions.

2.0 Literature Review

There exist many empirical studies that test for the presence of long memory in the financial and economic time series. For example, Soofi, Wang and Zhang (2006), Kumar and Maheswaran (2015), Alptekin (2006). Granger and Joyeux (1980), Hosking (1981) proposed the autoregressive fractionally integrated moving average (ARFIMA) model to study long memory processes. Mandelbrot (1972) used the R/S analysis to study long memory. Peters (1991) found evidence of long memory for using R/S approach to study the long memory of daily exchange rate data of US dollar, Japanese yen, GBPound, Euro, and Singapore dollar.

Cheung (1993) first studied time series properties of five major nominal exchange rates series using ARFIMA model that provides a direct and convenient frame work to study both short and long memory behavior. Cheung found the statistical evidence for long memory using various estimation techniques (R/S, LO R/S,

GPH,). Corazza and Malliaris (2002) found evidence that exchange rate return follows a fractional Brownian motion (long memory) by using Hurst exponent method.

De Boef and Granato (1997) reviewed that the data are long memory processes but do not have unit roots, especially in the range $0<d<1$. Even though it does not contain a unit root, it does have long memory, whereby shocks to the series persist for at least 12 months.

However, there are no studies inves-tigating the memory properties of Sri Lankan exchange rates using fractional integration technique. So, this study will be a new attempt to study about LKR/USD exchange rate dynamics based on recent econometric time series analysis in Sri Lanka. A comprehensive understanding of time series and statistical properties of LKR/USD exchange rate in Sri Lanka might provide useful implications for the direction of future research and effective exchange rate and monetary, and trade policies. Therefore, this study would contribute significantly to the existing knowledge.

3.0 Long-Memory Time Series Model

A covariance stationary time series is said to exhibit long memory if it satisfies the following condition

$$\sum_{k=-n}^{n}\left|\rho(k)\right| \to \infty \quad \text{as} \quad n \to \infty$$

$$\text{(not finite)} \qquad (1)$$

where $\rho(k)$ is the autocorrelation at lag k. This equation states that the sum of the absolute autocorrelation is infinite and non-summable (McLeod &Hipel, 1978). If the limit value is finite then the process possesses short memory.

4. 0 Methods

4.1 data and variables

Data used in this study are daily exchange rate series of LKR/USD. The sample covers from 3rd January, 2005 to 30th December 2016. The variable used in this study is LKR/USD which is collected from the website of Central Bank of Sri Lanka. Total number of observations is 2896. The daily changes of the exchange rate is measured by the return series which is defined as below

$$r_t = \ln(P_t) - \ln(P_{t-1}) \qquad (2)$$

r_t represents logged returns at day t., Pt represents closing exchange prices at day t. The Hodrick-Prescott (HP) filter is used to extract the trend component of the series.

4.2 Analytical methods

This study uses various econometric techniques to get robust results as each estimation techniques may have limits. Exploratory data analysis (EDA) and parametric, semi-parametric and non-parametric estimation procedures are used to identify and estimate memory parameter of LKR/USD exchange rate dynamics. These techniques can uncover the underlying structure of dynamic behavior of the LKR/USD exchange rates.

4.2.1 Exploratory data analysis

EDA; line graphs, autocorrelation function, kernel regression line, confidence ellipse , spectral density function are used to find novel and useful information that might otherwise remain unknown.

4.2.2 Unit root tests

The Augmented Dickey-Fuller (ADF) test , the Phillips and Perron (PP) test and the Kwiatkowski-Phillips-Schmidt-Shin (KPSS) test are implemented to understand the stationarity of the series (test for unit root). These tests have low power against fractional integration alternatives.

4.2.3 The Rescaled Range Statistic

Among various methods that measure long memory is the best known method,the "range over standard deviation statistic" or (R/S) to detect long range dependence of a series. It is defined as:

$$(R/S)_n = \frac{1}{S_n}\left[\underset{j \leq k \leq n}{Max} \sum_{j=1}^{k}(x_j - \bar{x}_n) - \underset{j \leq k \leq n}{Min} \sum_{j=1}^{k}(x_j - \bar{x}_n) \right]$$

where $1 \leq k \leq n$

$R(n)$ is the range of the first n values, and $S(n)$ is their standard deviation. The R/S statistic is the range of partial sums of deviations of a time series from its mean, rescaled by its standard deviation. This statistic was introduced by Mandelbrot and Wallis (1969) and Hurst (1951). R/S statistic provides the Hurst exponent

(H). If $0.5 < H < 1$, the series indicates persistent behavior/long memory, referred as fractional Brownian motion.. If $0.0 < H < 0.5$, then the series is called anti-persistent (mean-reverting).

4.2.4 Geweke& Porter-Hudak, "d"

Geweke& Porter-Hudak, (1983), (GPH), proposed a more robust estimation method based on spectral analysis, a semi-nonparametric procedure, to test for long memory in terms of fractionally integrated process. According to the GPH method, given the periodogram $I(\omega_j)$ of variable y one can estimate fractional differencing parameter "d" by using the model of a log periodogram regression:

$$\text{h } I(\omega_j) = const - d\,\text{h}\left(4\sin^2\left(\frac{\omega_j}{2}\right)\right) + error$$

j=1,2,…..,m,   frequency $\omega_j = \dfrac{2\pi_j}{N}$

for j=1,2…..m

The null hypothesis of the GPH (3)

$H_0 : d = 0$ "there is no long memory"

4.2.5 Autoregressive fractional integrated moving average (ARFIMA) model

Granger and Joyeux (1980) and Hosking (1981) introduced the ARFIMA , parametric approach to test the long memory property in the LKR/USD return.

The ARFIMA(p,d,q) process can be written as :

$$\Phi(L)(1-L)^d y_t = \Theta(L)\varepsilon_t \qquad (4)$$

where $\varepsilon_t \sim iid(0,\sigma^2)$, L is the lag operator, $\phi(L)$, $\theta(L)$ ae lag polynomials of finite orders. $(1-L)^d$ is the fractional differencing operator defined by

$$(1-L)^d = \sum_{k=0}^{\infty} \frac{\Gamma(k-d)L^k}{\Gamma(k+1)\Gamma(-d)} \qquad (5)$$

$\Gamma(.)$ is the Gamma function, y_t is both stationary and invertible if the roots $\Phi(L)$ and $\Theta(L)$ are outside the unit circle and $d < |0.5|$. The parameter d is allowed to assume any real value. Long-memory processes are stationary processes whose autocorrelation functions decay more slowly than short-memory processes. The memory property of a process depends on the value of d. when $0 < d < 0.5$, the process indicates a stationary process with a long memory. Hence, the existence of long memory can be determined by testing for the statistical significance of the sample differencing parameter d. Hosking (1981) showed that the autocorrelation, $\rho(.)$, of an ARFIMA processes is proportional of k^{2d-1} as $k \rightarrow \infty$, $[\rho(k) \propto k^{2d-1}]$. It implies that the autocorrelations of the ARFIMA processes decay hyperbolically to zero as $k \rightarrow \infty$

5.0 Empirical Results

5.1 Basic Features of LKR/USD exchange rate Dynamics in Sri Lanka

The basic features of LKR/USD series are examined by visual inspection using various graphs. Visual inspection indicates that the series seems to be non-stationary. Exchange rate changes defined as return

series are having high volatility. Mean and variance of the LKR/USD distribution change over time. Variability of return of LKR/USD vary over time and appears in clusters. Figure 1 exhibits a time series plot of LKR/USD and return of LKR/USD. All price series are moving upward with volatile. Return series appear to be random fluctuations around 0 and with time varying variance.
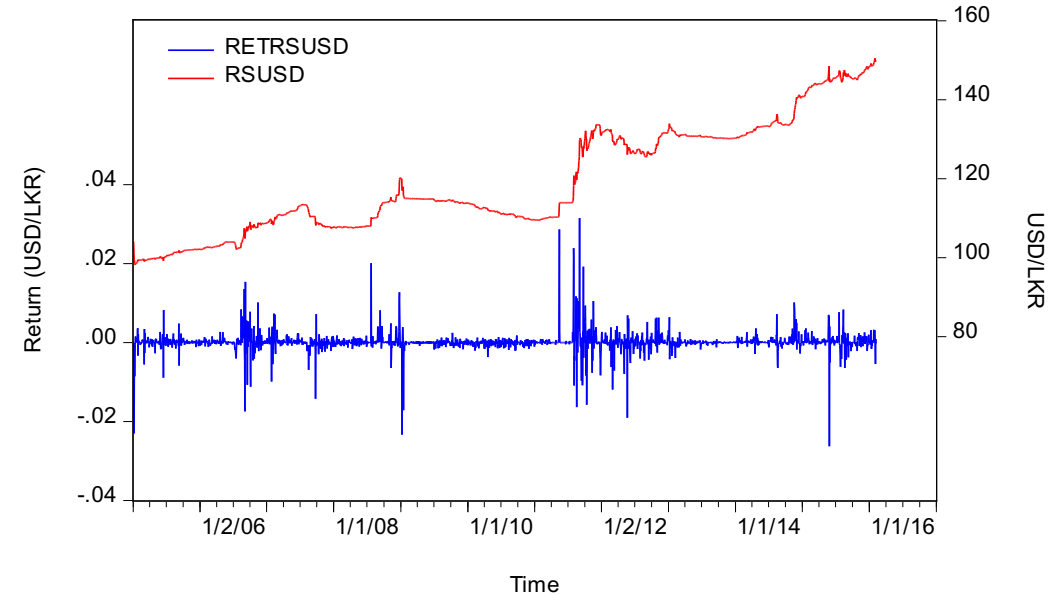
Figure 1 USDLKR and its return behavior, January 3, 2005- December 30, 2016

Return series seem to have 0 mean. But, when we extract the trend using Hodrick-Prescott (HP) filter, the trend of return is not linear and having little upward movement (Figure 2).
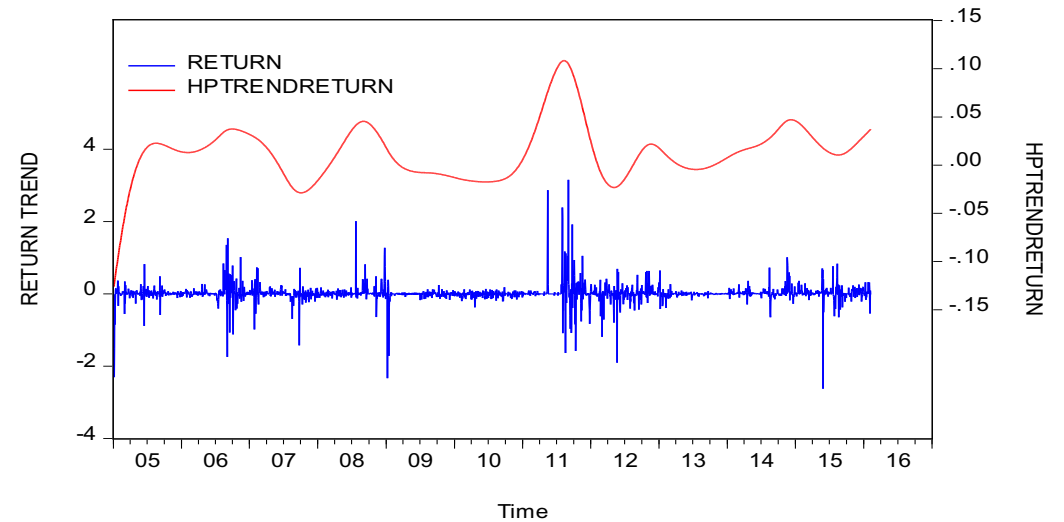
Figure 2 HP trend of return and return of LKR/USD behavior, January 3, 2005-December 30, 2016,

5.2 Empirical behavior of Autocorrelation function structure of LKR/USD, Return

i). Lag Plot - Scatter plot with confidence ellipse

The lagged scatter plot with confidence ellipse, nearest neighbour fit show the dependence nature of the LKR/USD dynamics in level as well as in the rate of changes. Figure 3 exhibits two lag scatter plots with 95 confidence ellipse one for LKR/USD and the other one for HP-trend Return series. These figures suggest that LKR/USD and HP filtered trend return series are positively auto-correlated. Hence, the series is having long range dependence.
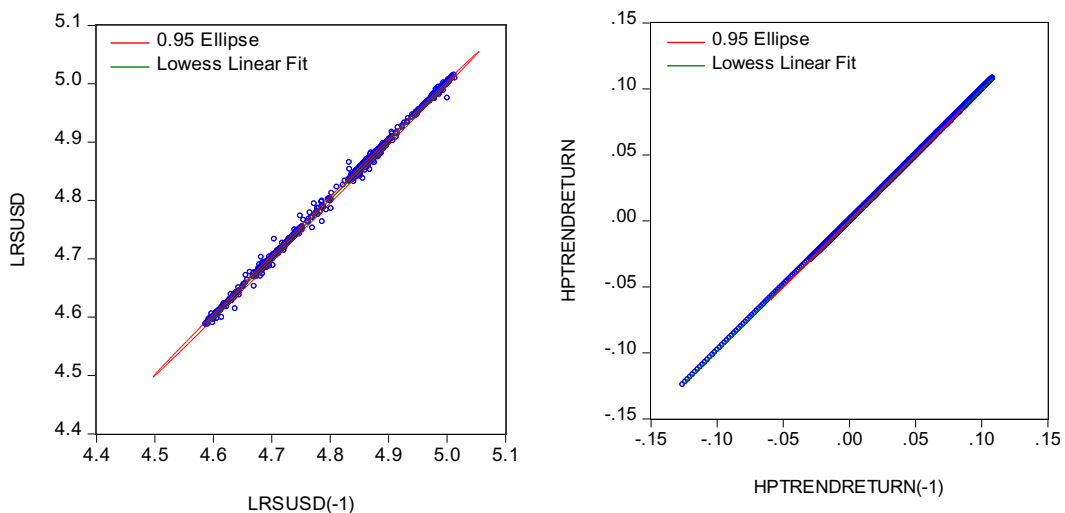
Figure 3 Autocorrelation nature of LKR/USD and its RETURN, January 3, 2005-December 30, 2016.

ii) Autocorrelation function for LKR/USD

A slow decay of the ACF is an indicator of long memory. Sample ACFs for LKR/USD decay slowly to zero at a polynomial rate as the lag increases. This type of process is referred to as *long–memory* time series. The autocorrelation coefficient of LKR/USD starts at a very high value (0.999) close to 1 and declines very slowly toward zero as the lag lengthens (Figure 4).

Autocorrelations for the first 50 lags range between approximately 0.999 and 0.924 providing strong evidence of the presence of serial correlation. Results indicate that LKR/USD series has a very *long memory* and is *largely persistent* with lagged coefficients that are clearly statistically significant. The impact of a shock ε_t on LKR/USD does not diminish over time.

ACFUSDLKR
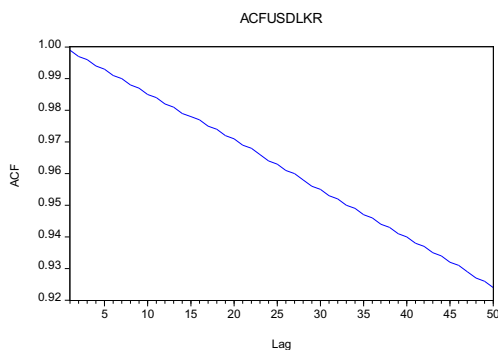
Figure 4 Autocorrelation function of LKR/USD

ACFHPreturn

Figure 6 Autocorrelation function for HP filtered trend series of return of LKR/USD

iii) Autocorrelation function for return of LKR/USD

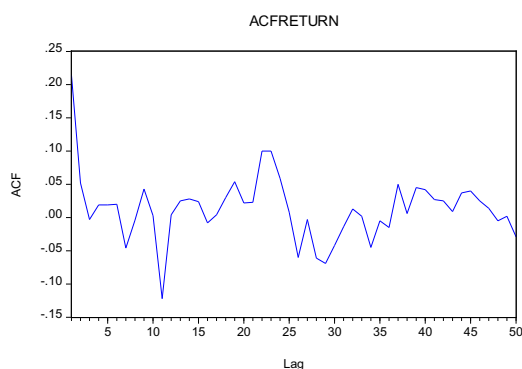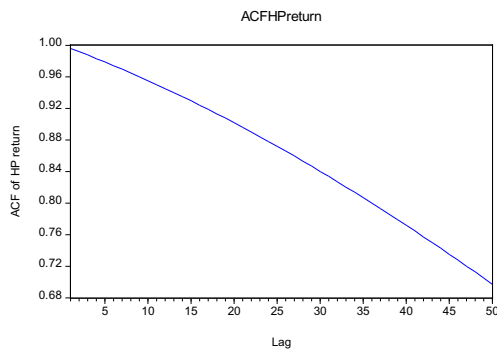Figure 5 shows the ACF of return decays slowly as a function of time lag. However, it seems that it does not explicitly exhibit long memory at the beginning and not have a smooth behavior. Sample autocorrelations of return of LKR/USD are statistically significant at a 5 percent level for long lags. In order to overcome this muddle, we employ HP filter and test for long memory.

ACFRETURN

Figure 5 Autocorrelation function for return of USD-LKR

Figure 6 shows the ACF of HP filtered return series that shows strong evidence of long memory. ACF decays very slowly with lags.

These sample ACFs show that the impact of a shock ε_t on exchange rate series does not diminish over time. The past shocks continue to play a significant role in determining the future exchange rate path.

The p value for (Ljung-Box test statistic) the joint significance of the correlation coefficients, indicates that they are significantly different from zero even for large lags. This implies the autocorrelation exist for longer time.

5.3 Visual Inspection of Spectral Density Function

In addition, spectral methods are useful to uncover key characteristics of economic time series for model building. Granger (1966) describes how the spectral shape of an economic variable concentrates spectral mass at low frequencies, declining smoothly as frequencies increases. The series y_t displays long memory if its spectral density, f_Y increases without limit as angular frequency tends to zero. $\lim_{\lambda \to 0} f_Y(\lambda) = \infty$. In a spectral graph, spectral

density is increasing without limit when frequency tends to zero. The SDF is inbounded at zero frequency. This type of characteristics of spectral density function (SDF) indicates that return of LKR/USD has a long memory.
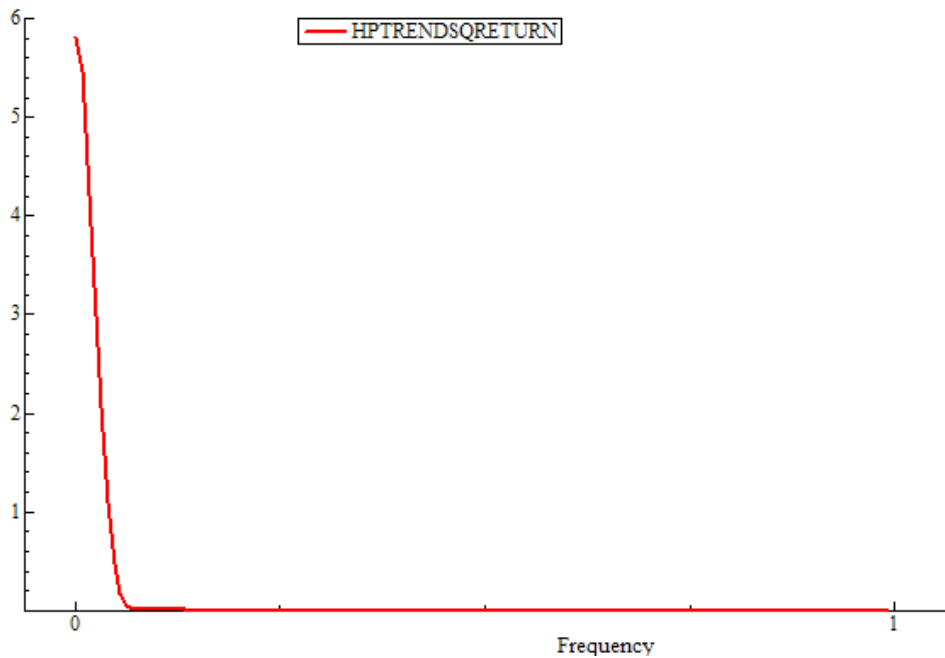
Figure 6 : Spectral Density function for Return of LKR/USD

In order to validate the results of visual inspection, the inferential analysis is further performed using non-parametric, semi-parametric and parametric approaches.

5.4 Unit root test Results

The results of standard unit root tests ADF, PP, and KPSS show the LLKR/USD are non-stationary, I(1) and return series (first difference) is stationary, I(0). All these tests only count the integer order of integration of the series,I(1) or I(0). It has not identified the fractional integration.

Table 4: ADF Unit root test results for level data

Series	Level with intercept and trend			First difference with intercept		
	Test Statistics			Test Statistics		
	ADF	PP	KPSS	ADF	PP	KPSS
LUSDLKR	-2.086	-2.139	0.494	-43.364	43.278	0.176
	(0.553)	(0.523)	[0.146]	(0.000)	(0.000)	[0.463]

Probability values are in ( ).   Critical values are [ ]

However, fractional integration can be analyzed by R/S, GPH, ARFIMA model, FIGARCH model.

5.5 The Rescaled Range Statistic -Hurst Estimator (H)

The results of the rescaled range analysis (Table 5) show that *H* estimates for Log LKR/USD, HP filtered trend for Log LKR/USD are greater than 0.5. It implies that Log LKR/USD and HP filtered series exhibit long memory. It implies strong evidence for long memory in LKR/USD series ($0.5 < H < 1$).

In the case of return series, It has not shown any evidence of long memory due to noise. Hence, the noise is separated from the trend. HP filtered trend series were derived from return series to estimate memory parameter. R/S estimate for HP filtered series is 0.87 with probability 0.000.

Table-5: Hurst –Mandelbrot R/S Estimates

Price Series	R/S- Hurst Exponent estimates	
	H	*H¹*
		0.997
Log LKR/USD	1.02	(0.008)
Standard error	(0.011)	[0.000]
P value	[0.000]	
Return LKR/USD	Not significant	0.874
Standard error (SE)		(0.041)
		[0.000]
P value		

Note: SE are in ( ), p values are in [ ] ¹:denotes Hodrick-Prescott filtered trend,

$0 < H < 0.5$:Anti-persistent, $H = 0.5$:Random walk, $0.5 < H < 1$:Long memory

It is interesting to note that LKR/USD return series does not have significant long memory estimates. However, HP filtered trend of return series shows the evidence of long memory.

5.6 Semi- Parametric GPH Estimate "$\hat{d}$ "

We compute the fractional integration parameter using algorithms built in GRETL. There are two methods we use here to estimate fractional parameter "*d*" (i) proposed by Geweke and Porter-Hudak method ($d_{GPH,}$) (ii) Local Whittle estimator (d_{LW}): both of these methods estimate "*d*" using a frequency domain maximum likelihood estimation. The results are given in Table 6.

Table 6: Geweke and Porter-Hudak Estimates and Local Whittle Estimates

Series	GPH " $\hat{d}$ "	LWE " $\hat{d}$ "
LLKRUSD	0.989	1.000
	(0.000)	(0.000)
Return of LLKRUSD	0.129	0.130
	(0.048)	(0.005)
HP trend of return	0.91	1.05
	(0.000)	(0.000)

Note: SE are in ( ), P values are in parenthesis

GPH "*d*" estimates (Table 6) show the LKR/USD is fractionally integrated and has long memory. As the estimated "*d*" values close to one (~1) for LKR/USD series. Though estimated values of GPH and LWE *d* estimates for return of LKR/USD series is statistically significant at the 5 percent level and less than 0.5, the HP filtered trend of the return series has GPH

d=0.91, LWE d=1.05. This indicatethat the return of LKR/USD has long memory.

5.7 ARFIMA Model

ARFIMA model is used to estimate long memory parameter using maximum likelihood estimation method. Table 7 shows Long memory parameter estimates for the selected ARFIMA models for the return series.

Table 7: Results from ARFIMA (p,d,0) Models for Log LKR/USD and Return series.

Items	Con-stant	AR	d	LL	Wald-Chi²
Return of LKRUSD	0.013 (0.299)	0.144 (0.000)	**0.144** (0.000)	235.59	69.26

Note: This table shows the results of selected ARFIMA(p,d,0) models. AR indicates the autoregressive parameter, LL indicates the log likelihood, p values are in parentheses , d=fractional difference parameter, (P values are in parenthesis H0: d=0)

In return-LKR/USDcases, estimates of long memory parameter d and AR parameters which are highly statistically significant at the 5 percent level. LM parameter estimates lie in the interval (0, 0.5), implying that the series exhibit long memory. Long memory indicates that shocks to LKR/USD may persist over a long period of time. These evidences imply predictability of future LKR/USD based on historical prices.

The impulse response function (IRF) (Campbell and Mankiw, 1987, Watson 1986)of estimated ARFIMA model is one measure of the LM in exchange rate changes. The IRF measures the effect of a unit shock on the k-period –ahead exchange rate change. The estimated IRF shows (Figure 7) a positive shock to LKR/USD return and has an immediate positive impact on LKR/USD with the impacts disappearing at a very hyperbolic rate after first step, for longer time lag period. The magnitude of the response is positive for longer periods.
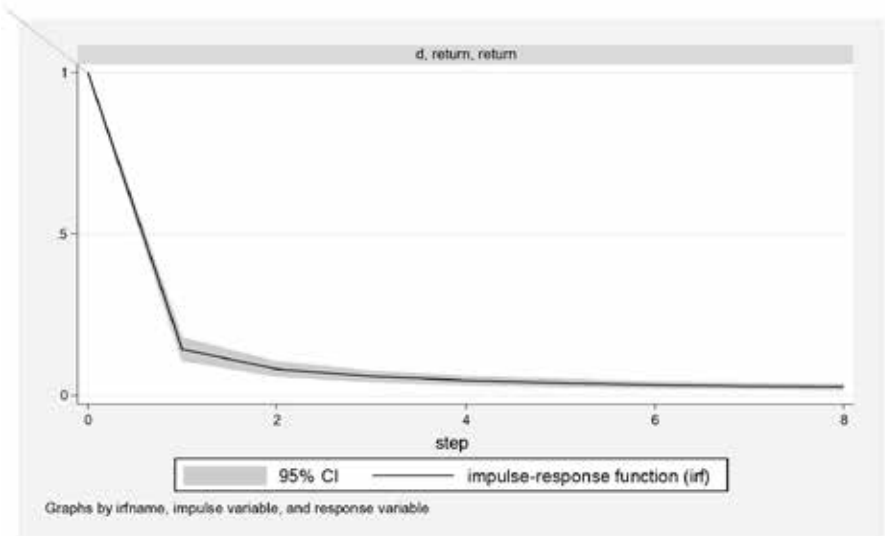

Figure 7 Impulse Response Function of ARFIMA model

6. 0 Conclusions and Recommendations

In this study, we estimated fractional difference parameter (LM) for exchange rate changes of LKR/USD in Sri Lanka using fractional integration methods. A battery of nonparametric, semi-parametric and parametric tests were used to investigate long memory for LKR/USD return series. All these tests show that return series have long memory and they are fractionally integrated. Our results provide support for the hypothesis of long-range dependence in Sri Lankan exchange rates relative to the US dollar. Further, our results are evident against unit root but for long memory. It is noted that the fractional difference parameters are significantly different from 1 as well as from 0. The persistent behavior of LKR/USD leads to market inefficiency. Further, the findings of this study have policy implications for traders and foreign investors in designing and implementing trading strategies. It can also be helpful in predicting expected future return and volatility. Thus, the results of this study should be useful to regulators, practitioners and investors. Central bank interventions are thought to play an important role in explaining the dynamics of exchange rates. However, Central bank interventions and long memory in exchange rate dynamics are not considered in the study. Therefore, future empirical work in this area should attempt to investigate the Central bank interventions and long memory in exchange rate dynamics.

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FACTORS INFLUENCING INTEGRATING CONFLICT MANAGEMENT STRATEGY AMONG UNIVERSITY TEACHERS: AN EVIDENCE FROM SRI LANKA

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Abstract

Conflicts are unavoidable in any organizations since it is a natural, everyday phenomenon in each individual, each group or organization. It can be arised at anytime and anywhere in personal, academic and professional life. Though it is impossible to avoid, it is possible to manage. If it is not managed effectively it leads to increase the stress, reduce the organizational performance and negatively impacts on health and comfort of employees.There are five different conflict management strategies such as forcing, integrating, compromising, obliging and avoiding those are being mostly used in organizations or personal life when conflict arises. Among these five strategies, integrating is the effective strategy which increases the individual performanceand organizational performance. The objective of this study is to find out the factors influencing on integrating conflict management strategy among university teachers. For this study the primary data were collected from randomly selected 1197 permanent academic staff by using the structured questionnaire from all 15 state Universities in Sri Lanka. The collected data were analyzed by using the Principal Component Analysis (PCA). Results of this study revealed that there are four factors such as (1) Investigate an issue with others (2) Minimize the difference among others (3) Emotional support to others (4) Trust others are influencing to apply the integrating strategy when the academic staff falls in conflict. Further, researchers suggested that those who wish to reduce the stress and create the peaceful environment within the organization and their personal life need to investigate an issue with others, minimize the difference among others, provide emotional support and trust others.

Key words: Conflict, Integrating, Conflict management, Emotional support

1.0 Background of the Study

Conflicts are unavoidable in state Universities since it is inevitable in any organizations. Because it is a part of academic staff's life also. It can occur between students versus academic staff, academic staff versus academic staff, academic staff versus non- academic staff, and administrators versus academic staff.

Because people in any organization are working based on interpersonal relationship which leads to the interpersonal conflict within the organization. If the relationship is bad between two individuals or two groups which leads to conflict. Sirajud Din, Khan, Rehman&ZainabBibi (2011) indicates sources of conflict in universities are lack of personality factors, lack of communication, structural issues, and limited resources. Meyer (2004) indicated that conflict should

be managed effectively otherwise it affects the level and frequency of future conflict and it create negative impact on productivity and work performance. Conflict management is the communication behavior a person employs based on his or her tends to exhibit while facing a conflict (Abigail & Chain 2011). People use various types of management strategies to deal with different conflict situations effectively (Fleetwood, 1987; Rahim,2002). Different strategies had different impact on performance of employees and organization. Integrating strategy had a positive impact on performance, increase organizational innovativeness, quality, build the strength of teamwork,increased the job satisfaction and create the cooperation among the employees. (Rahim, Antonioni &Pscnicka2001; Sukirno&Siengthai 2011; Henry,2009).

Further, Goodwin (2002) indicated that integrating is the only conflict management strategy that considers the interest of both parties, focuses on mutual gain and also it reduce the stress of the people. Moreover this strategy emphases on high concern for self and high concern for others when solving the conflict (Blake & Mouton (1964); Thomas (1976); Bonoma& Rahim (1979); andRahim (1985) whileBurke (1970)suggested that integrating strategy was related to the effective management of conflict, while forcing and avoiding strategies were related to the ineffective conflict management.King (2000) also found that the use of more integrative conflict management strategies have higher commitment than less integrative strategy in the team. And also it generates higher quality decisions making than other strategies (Thomas 1977; Filly 1978; and Brahnam, Margavio, Hignite, Barrier,& Chin, 2005).

Number of studies have investigated conflict in organizations. However, a very limited number have been devoted to educational organization. The current university context is clearly more challenging than in the past. Therefore, Conflicts in universities are growing in number, kind, and complexity in the state Universities in Sri Lanka.In this scenario, the researchers conducted a pilot survey through the unstructured interview with some academic staff of the state universities in Sri Lanka to identify the conflict management strategies which are using by them when they are in conflict. The finding revealed that, the academic staff using the conflict management strategies such as avoiding, compromising, competing, integrating, forcing, and obliging. Safeena&Velnampy (2015) found that the most of the academic uses integrating strategy to manage the conflict in the state Universities in Sri Lanka.The person should have some characteristics to use the integrating strategy since this strategy is focuses on high concern for self and others. From the above discussion the present study is initiated to find out the factors influencing integrating strategies of academic in Sri Lankan state Universities.

2.0 Literature Review

Conflict is an integral part of human life whether it can be personal life or organizational life or social life or national life. Kapur (1997) indicated that conflict is a process in which an effort is purposefully made by one person or a group to block another person's or group's achievement of goals or the furthering his or her interests.In order to manage the conflict effectively the people need to be develop strategic approach. Kunaviktikul, Nuntasupawat, Srisuphan, & Booth (2000) indicated that management of conflict is especially important for the effective functioning of any organization and for the personal, cultural and social

development of human beings. Rahim (1986) pointed out that effective conflict management encourages motivation, enhances morale and promotes individual and organizational growth.Ineffective conflict management, in contrast, generates more conflict and negatively affects the organization as a whole. Further he pointed out that there are various strategies for handling interpersonal conflict to deal with different conflict situations effectively in order to solve or minimize conflict in organizations. Adomi&Anie (2005) pointed out managers should develop appropriate strategies to resolve the conflict in their organizations or in the personal life. Rahim &Bonoma (1979) classified the conflict management strategies under five categories; competing, integrating, avoiding, obliging and compromising based on two basic dimensions: concern for self, and concern for others.

Some researchers indicated that Integrating strategy was an effective conflict management strategy(Thomas 1992; Gross & Guerrero 2000; Carten, Evers, Beersma, Ester, & Nauta,2001; Cetin&Hacıfazlıoglu, 2004; Ramani&Zhimin, 2010; Sirajud Din, Khan, Rashid Rehman, &ZainabBibi, 2011;Agenga&Enose, 2011; Zafar, 2011; Machingambi& Wadesango,2012). It is a win –win strategy to manage the conflict in an organization or personal life. In this strategy both parties can win in a conflict situation.Kessler (2013) defined in the encyclopedia of management theory that individual work collaboratively with other party in the difference of opinion to create solutions which enable both parties to get

morebenifits. Further he indicated that it is consistent with the idea that one person should treat others as they would like to be treated. More over this strategy involves openness, exchange of information, and examination of differences to reach an effective solution acceptable to both parties (Bonoma& Rahim, 1979; Blake &Mouton, 1964; and Thomas, 1976).

Further this strategy is a problem-solving orientation and a willingness to explore and work with the other person to find options which will be mutually acceptable by both parties in order to maximize their benefits (Rahim &Bonoma, 1979). Stephen (1998) viewed integrating strategy refers a situation where the parties in conflict each desire to satisfy fully by the concerns of all parties. In this strategy interested parties deal with the problem and cooperatively identify the issues, generate the alternative solution and select a solution. Further this strategy produces superior outcomes with open exchange of information and a higher level of satisfaction through the explanation of issue more comprehensively. The primary weakness of this style is consumes time (Goodwin, 2002).

Moreover,Egwunyenga (2009) found that encouraging effective communication was the effective strategy to solve the problems among the conflicting roommates in Nigerian universities and also Fatile, Adejuwon & Kehinde (2011) found that maintaining a good relationship between students and school administration,student's involvement in decision making process in school were effective strategies for resolving conflict. Further Agenge&Enose (2011)

found that arbitration, understanding, culture of trust, negotiation, relationship and effective communication strategies were the effective conflict management strategies in public secondary schools in Kenya.

Based on the literature review, various studies have been conducted to identify the conflict management strategies in an organization or personal life. But there is no studies to identify the key factors for integrating strategy in the Sri Lankan context. This research gap induced the authors to undertake the present study.

3.0 Objective

➢ To identify the factors which are influencing on integrating conflict management strategy of academic staff in state Universities in Sri Lanka.

4. Methodology

Sample selection

1197 Permanent Academic teaching staff were taken as a sampling unit based on the stratified proportionate sampling design from all 15 state universities in Sri Lanka. Appendix-1 shows the stratified proportionate sampling design based on the academic position from the population of permanent teaching staff of each University in Sri Lanka.

Data Collection

Structured questionnaire was adminis-trated among academic staff in all state Universities in Sri Lanka. The questionnaire was designed by the researchers a 5- point Lickerd scale from (1)strongly disagree to (5)strongly agree.

Data analysis

Collected data were analyzed using SPPS (version 20.0). In this study, Principle component varimax Roated factor analysis method was carried out. Generally, researchers' recommend as varimax (Ather&Nimalathasan, 2009; Hema &Anura,1993). It has been used to group the factors. Finally ranking of the factors has been made on the basis of mean scores of factors.For extraction of the factors, the following criteria(s) were used in this study.

1. The proportion of variance explained by 70% or above criterions is used to select the number of principal component ((Jolliffe's ,1972;Jahfer, 2015).

2. Items with a loading smaller than 0.5 (low factor loadings) on any factor were excluded. For parsimony, only factors with loadings above 0.5 were considered significant (Pal, 1986 and Pal &Bagi, 1987).

3. Items that demonstrated cross-loadings greater than 0.5 on more than one factor were dropped, assuming that no pure measures of a specific construct are provided (Olorunniwo, Hsu, &Udo, 2006).

4.0 Results and Discussion

Before applying factor analysis, testing of the reliability of the scale is very much important as its shows the extent to which a scale produces consistent result if measurements are made repeatedly. Cronbach's alpha is most widely used method to examine the reliability. (Hair, Celsi, Money,

Samouel, & Page 2011; Hair, Anderson, Tatham & Black 2008).This value varies from 0 to 1 but, accepted value is required to be more than 0.5 and satisfactory value is more than 0.6 for the scale to be reliable (Malhotra, 2002; Cronbach, 1951). In the present study, the researchers therefore, used Cronbach's alpha scale as a measure of reliability.In this study integrating strategy is measured by 09 sub questions (Items). The Cronbach's coefficient alpha value estimated to be 0.799 which is more than 0.7 therefore the reliability of integrating strategy was assured and it is highly reliable for data analysis.

After checking the reliability of scale, the researchers tested whether the data so collected is appropriate for factor analysis or not. Further the appropriateness of factor analysis is dependent upon the sample size. Kaiser – Meyer- Olkin (KMO) measure of sampling adequacy is a useful method to show the appropriateness of data for factor analysis. Statistically, it tests whether the partial correlations among variables are small and sampling adequacy measure of whether or not the distribution of value is adequate for conducting factor analysis. The

KMO statistics varies between 0 and 1.As a rule of thumb, a KMO value; Less than 0.5 is considered poor so the FA would be meaningless with an identity matrix, between 0.5 and 0.6 is considered mediocre, between 06 and 0.7 is considered acceptable, between 0.7 and 0.8 is considered good, between 0.8 and 0.9 is considered excellent and more than 0.9 is marvelous (Kasier, 1974; Field, 2000).

According to the table 1, the KMO value for integrating strategy was is 0.854 whichis indicating that the sample taken to process the factor analysis is excellent and statistically significant for integrating strategy since the KMO value is between 0.8 to 0.9 Therefore the composite validity of integrating strategy was assured. Further Bartlett's test of Sphericity is the third statistical test applied in the study for verifying its appropriateness(Barlett, 1950). According to the table -1 result of EFA analysis, Bartlett's test of Sphericity was significant since the significance value 0.000 which is less than 0.5 and test value of Chi-Square 2722.234 is significant which indicating that the data is appropriate for the factor analysis.

Table - 1: Result of KMO and Bartlett's Test of integrating strategy

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.854
Bartlett's Test of Sphericity	Approx. Chi-Square	2722.234
	df	36
	Sig.	.000

Source: Survey Data

After examining the reliability of the scale and testing appropriateness of data the researchers carried out Principal Component Analysis (PCA) followed by the varimax rotation was carried out to identify the key factors for integrating conflict management strategy. For this Statistical Package for Social Science (SPSS) software (version 20.0) was used. When the original nine

factors were analysed by the PCA. Four variables extracted from the analysis which explained 70.959 percent of the total variance. The first component explains the most and about 39.919 percent, second component explains 12.995 percent, third component explains9.558 percent and fourth component explains 8.487 percent(For details please see Table-2).

Table 2: Total variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.593	39.919	39.919	3.593	39.919	39.919
2	1.170	12.995	52.914	1.170	12.995	52.914
3	.860	9.558	62.472	.860	9.558	62.472
4	.764	8.487	70.959	.764	8.487	70.959
5	.658	7.311	78.270			
6	.538	5.981	84.251			
7	.522	5.799	90.050			
8	.475	5.280	95.329			
9	.420	4.671	100.000			

Source: survey data
Extraction Method: Principal Component Analysis.

According to the above table 2 the first four factors should be accepted based on the proportion of variance explained by 70% or above criterion (Jolliffe's ,1972;Jahfer, 2015). Within this solution, Factor 1 had three items,factor two also had three items, factor three had two items and facer 4 had only one item. The following graph 1 shows four factors should be extracted for integrating strategy.
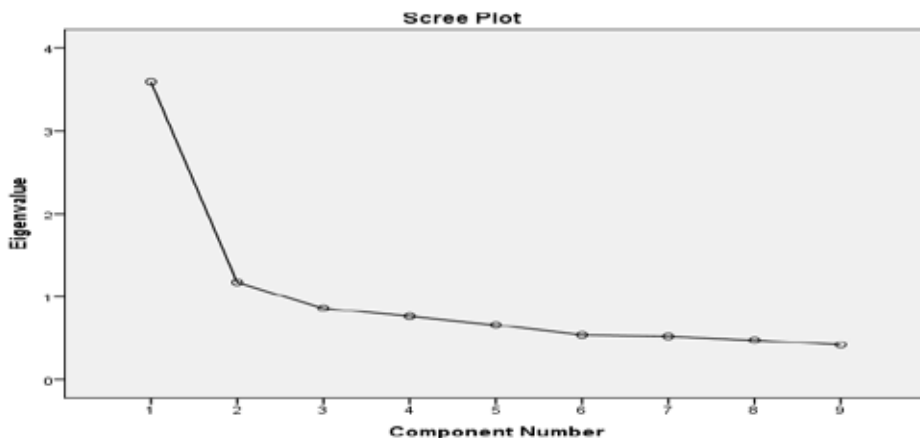
Figure 1: Scree plot of integrating strategy

In the above figure - 1, In the X axis,Eigen values are plotted against the factors arranged in descending order. The number of factors that correspond to the point at which appears to change slope, is deemed to be the number of useful factors extracted. Further it is clear that this data set lead to the conclusion that the first four components (factors) should be accepted.

The rotated (varimax) component loadings for the four factors are presented in table 3. Each of four factors for integrating strategy was labelled according to the name of the value that loaded most highly for those integrating strategy.

Table -3 Rotated component matrix for integrating strategy

Name of the Factors	Factors			
	1	2	3	4
Investigate an issue with others	.826			
Exchange accurate information	.819			
Bring all opinions openly	.643			
Minimize the differences among others		.687		
Achieve mutual gain(s)		.676		
Prefer participative decision making		.649		.512
Emotional support to others			.852	
Stand for own and other's goals and interest			.644	
Trust others				.889

Source: survey data

Factor 1: Investigate an issue with others: this factor was represented by three Items with factor loadings ranging from 0.826 to 0.643. They are investigate an issue with others, exchange accurate information and bring all opinions openly. This factor accounted for 39.919 % of the rated variance

Factor 2: Minimize the difference among others: This factor was represented byrepresented by three measures with factor loadings ranging from 0.687 to 0.649. They are minimizing the differences among others,achieve mutual gain(s) and prefer participative decision making. Further, although the variable "prefer participative decision making" was loaded fairly highly on factor 4 as well, because of its higher loading and greater relevance it was also included in this factor 2. This factor explained 12.995% of the rated variance.

Factor 3 Emotional support to others: This factor is represented by two measures with factor loadings ranging from 0.852 to 0.644. They are emotional support to others and stand for own and other's goals and interest.This factor accounted for 9.558% of the rated variance.

Factor 3 Trust others: This factor is represented by only one variable, with factor loadings of 0.889 which is loaded highly. This variable is trust others which accounted for 8.487% of the rated variance.

Ranking of the above four factors in order to their importance, along with mean is shown in Table 4. The importance of these factors, as perceived by the respondents, has been ranked on the basis of their mean values.

Table -4: Ranking factors for integrating strategy according to their importance

Factors	No. of. Variables (Items)	Mean	Rank
Investigate an issue with others	03	4.22	1
Minimize the difference among others	03	4.12	2
Emotional support to others	02	4.04	3
Trust others	01	3.72	4

Source: Survey data

As depicted in table 4, the factors got the ranks of (1) Investigate an issue with others (2) minimize the difference among others (3) Emotional support to others (4) Trust others.

5. 0 Conclusion

According to the previous studies researchers found that integrating strategy was an effective conflict management strategy which increases the performance of individual and organizational performance. Through an empirical investigationof the present study, the researchers were identified four key factors influencing in the usage of integrating conflict management strategy of academic staff in the state Universities in Sri Lanka. The factors are (1) Investigate an issue with others (2) minimize the difference among others (3) Emotional support to othersand (4) Trust others.

Further previous researchers (Blake &Mouton, 1964;Thomas, 1976;Bonoma& Rahim, 1979; Egwunyenga, 2009and Fatile, Adejuwon&Kehinde, 2011)found that openness, exchange of information to other conflicting party, and examination of differences to reach an effective solution acceptable to both parties, maintaining a good relationship with others,effective communication, involvement in decision making, understanding others' expectation, culture of trust and negotiation were the effective strategies to solve the problems. Present study confirms the four factors such as investigate an issue with others, minimize the difference among others, emotional support to others and trust othersare the key factors for influencing on integrating conflict management strategy.

6. 0 Recommendation

According to the result, key factors for the usage of integrating strategy of academic staffsare investigate an issue with others, minimize the difference among others, Emotional support to others and Trust others. Since the academic staffs are the role model for others, those who wishes to use the integrating strategy when they involve in conflict, they should investigate an issue with others, should minimize the difference among others, should give the emotional support to others and should trust others in any organization or personal life.

Moreover, integrating strategy is the effective strategy and it has a positive impact on performance of employees and organization. Therefore the researchers suggested to give the training for individual to develop those four factors in the working place which will leads to create a peaceful environment within the organization and their personal life and also it will minimize further conflict, stress, increase the productivity and work performance.

7. Limitation and Further Research

In this study sample was the only the teaching academic staff from all state Universities in Sri Lanka.This can be extended to other administrative staff or non academic staff or students in Universities in Sri Lanka. And also in this study Principle component varimaxRoated factor analysis method was carried out to extract the factor. Further researcher(s) can incorporate the way of checking the common method bias recommend by by Podsakoff et al., 2003 to extract the factors.

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Appendix -1: Sample

Name of the University	Designation/ Academic Position	Number of Existing Academic Staff	Number of Respon-dent
University of Colombo	Senior Professor& Professor	89	22
	Associate Professor	19	05
	Senior Lecturer	243	61
	Lecturer / Lecturer (Prob)	176	44
Total		**527**	**132**
University of Peradeniya	Senior Professor& Professor	118	30
	Associate Professor	13	03
	Senior Lecturer	403	101
	Lecturer / Lecturer (Prob)	197	49
Total		**731**	**183**
University of Sri Jayawar-denepura	Senior Professor& Professor	68	17
	Associate Professor	17	04
	Senior Lecturer	307	77
	Lecturer / Lecturer (Prob)	135	34
Total		**527**	**132**
University ofKeleniya	Senior Professor& Professor	110	27
	Associate Professor	14	04
	Senior Lecturer	262	65
	Lecturer / Lecturer (Prob)	163	41
Total		**549**	**137**
University ofMoratuwa	Senior Professor& Professor	38	10
	Associate Professor	05	01
	Senior Lecturer	173	43
	Lecturer / Lecturer (Prob)	88	22
Total		**304**	**76**
University ofJaffna	Senior Professor& Professor	17	04
	Associate Professor	10	03
	Senior Lecturer	184	46
	Lecturer / Lecturer (Prob)	156	39
Total		**367**	**92**
University ofRuhuna	Senior Professor& Professor	74	18
	Associate Professor	-	-
	Senior Lecturer	245	61
	Lecturer / Lecturer (Prob)	148	37
Total		**467**	**116**

Eastern University of Sri Lanka	Senior Professor& Professor	05	01
	Associate Professor	-	-
	Senior Lecturer	107	27
	Lecturer / Lecturer (Prob)	80	20
Total		**192**	**48**
South Eastern University of Sri Lanka	Senior Professor& Professor	-	-
	Associate Professor	-	-
	Senior Lecturer	71	18
	Lecturer / Lecturer (Prob)	53	13
Total		**124**	**31**
Rajarata University	Senior Professor&Professor	06	01
	Associate Professor	-	-
	Senior Lecturer	70	17
	Lecturer / Lecturer (Prob)	106	27
Total		**182**	**45**
Sabaragamuwa	Senior Professor&Professor	07	02
	Associate Professor	03	01
	Senior Lecturer	102	25
	Lecturer / Lecturer (Prob)	85	21
Total		**197**	**49**
Wayamba	Senior Professor&Professor	10	02
	Associate Professor	01	-
	Senior Lecturer	75	19
	Lecturer / Lecturer (Prob)	66	17
Total		**152**	**38**
UvaWellassa	Senior Professor&Professor	-	-
	Associate Professor	-	-
	Senior Lecturer	35	09
	Lecturer / Lecturer (Prob)	41	10
Total		**76**	**19**
Visual and Performing Arts	Senior Professor&Professor	06	01
	Associate Professor	06	02
	Senior Lecturer	52	13
	Lecturer / Lecturer (Prob)	43	11
Total		**107**	**27**
Open University	Senior Professor&Professor	21	05
	Associate Professor	01	-
	Senior Lecturer	130	33
	Lecturer / Lecturer (Prob)	136	34
Total		**288**	**72**

Source: (Annual report of Sri Lanka University Statistics, 2014).

JOB SATISFACTION AND INTENT TO LEAVE AMONG GRADUATE TEACHERS IN GOVERNMENT SCHOOLS IN SRI LANKA: SPECIAL REFERENCE TO JAFFNA DISTRICT

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Abstract

Job satisfaction is essential to employees to perform their duties effectively. Teachers' job satisfaction and their intention to leave is not only important to teachers themselves but also it is very much essential to educational institutions and students as well. The purpose of this study was to find out the level of job satisfaction and intent to leave among Graduate Teachers in Government Schools in Jaffna District along with personal characteristics and job characteristics factors. This study was a quantitative approach and used the questionnaire for data collection. 200 graduate teachers participated. The findings indicated that the level of satisfaction of income, working condition and intrinsic reward was low, moderate, and moderate respectively. Also, these three independent variables influence teachers' intention to leave. Further, this study found that personal characteristics such as; age, gender, marital status, and qualification and job characteristics such as teaching experience, present position, school level, subjects teaching and preferred subjects have no significant relationship with intention to leave. The results of this study support to achieve the organizational effectiveness by studying the impact of job satisfaction and intent to leave among graduate teachers in government schools, and suggest policies or practices that can be used to enhance the employee job satisfaction and organizational performance.

Key Words: - Intent to leave, Job satisfaction, Work condition, Intrinsic rewards, personal characteristics, Job characteristics.

1.0 Introduction

Sri Lanka has a free education system until the first graduation. Education in Sri Lanka had been considered a fundamental right by the law. The responsibility for education in Sri Lanka is shared by the Government as well as the Provincial Councils. The Ministry of Education is the central government agency which is mainly responsible for the education in the country. The total adult literacy rate

is 92%; this is the highest in the South Asia and literacy rate among youth is 97-99%. This research focuses on identifying the factors affecting intend to leave among graduate teachers specially teaching the in government school in Jaffna District of Sri Lanka. Graduate teachers are at satisfactory level with their job in a Sri Lanka context, while they are dissatisfied with the salary and physical facilities in the school, female teachers were highly satisfied than male teachers, and there was no significant correlation between job satisfaction level and age or experience level and type of schools Chandradasa, (2014). The purpose of this study is to examine the factors that are associated with intend to leave, using a structured questionnaire; the study investigates whether teachers' intention to leave differs significantly about job satisfaction, personal characteristics and job characteristics.

Every organization's most important resource is the human resource. The organization's productivity is basically depending on the effectiveness of the workforce. The organization can replace productive physical resources such as machines and equipment easily but it is difficult to replace skilled and qualified employees at once. So office worker's job satisfaction is very important because the employees are the decision makers, in the organization and direct the organization in to a success (Michael Armstrong, 2009). Likewise, the teachers occupy an important and unique place in school education. Their job satisfaction is an important factor for the achievement of educational aims and objectives of

the school system. Attempts to improve performance in schools will never succeed if teachers' job satisfaction is ignored (Lise & Timothy, 2004). Motivated and satisfied school teachers are most likely to affect the students' learning positively while the opposite of that may have negative impacts on students' performance (Fredy, 2009).

Jean & Stanley (2014) defines job satisfaction as the response of the individual towards the role played at work. Even Zorlu (2009) describes that it is related with the individual need, and job satisfaction can be classified as per the needs of the individual. It is the feeling associated with the mind and environment which individual lives in. Paul & Rebecca (2012) expresses as a positive perception of the individual with the work he does.

In order to achieve the organizational effectiveness the organization should have a well-defined Human resource policies and practices. By studying impact of job satisfaction and intent to leave among graduate teachers in government schools, can suggest policies or practices that can be used to enhance the employee job satisfaction and organizational performance. Many researchers reported that individuals who are in a high job satisfaction are also in a high life satisfaction and they are actively participate in their jobs rather than leaving from their current jobs, because the job satisfaction is greatly connected with person's life. Job satisfaction has a great effect on one's career life. If the employees are satisfied, there is no absenteeism, turnover in that particular organization, although

research shows that satisfied employees have lower levels of absenteeism than do dissatisfied employees, satisfied employees have lower levels of turnover while dissatisfied employees have higher levels of turnover (Stephen & Mary 2012). In this research following general categories are believed to influence employee job satisfaction: personal characteristics, job characteristics, working condition, income and intrinsic rewards organizational culture.

1.1 Research Problems

Teachers' commitment and effectiveness exclusively depend on job satisfaction of their jobs. Teachers' job satisfaction is not only important to teachers themselves but also it is very much essential to educational institutions and studies of students as well. Graduate teachers are at satisfactory level with their job in a Sri Lanka context. They are highly satisfied with the opportunity they got to serve the society while they are dissatisfied with the salary and physical facilities in the school Chandradasa, (2014), but graduate teacher's works absenteeism (10.7) and work leaving percentages (19.8) are seemly higher than trained teachers in the northern province. On the other hand, although several studies conducted about job satisfaction, even it was difficult to find out literature related to factors due to intend to leave of graduate teachers in Jaffna District. So this situation leads to generate the research problem "What is the actual reason to intent to leave among Graduate Teachers in Jaffna District?" The background of the research and formulated problem statements led to have the following research question. "To what extent the teachers' job satisfaction, personal characteristics and job characteristics influence their intention to leave, among Graduate teachers teaching in Government School of Jaffna District?"

1.2 Objectives of the Study

➢ To identity the level of intent to leave among Graduate Teachers in Government Schools in Jaffna District of Sri Lanka.

➢ To determine intent to leave among Graduate Teachers with regard to the Job Satisfaction, Personal characteristics and Job characteristics.

The retention of public school teachers has been an issue of continuing concern. This study provides information regarding the retention of teachers who teach emotionally view their teaching careers, as well as administrative supports. Findings have revealed critical predictors that affect teachers' decisions to either stay or leave teaching for other opportunities. In addition, findings from this study may be provided useful recommendations to policy makers that should enhance future recruitment and retention program strategies for teachers.

2.0 Literature Review

2.1 Job satisfaction

Upon reviewing various literatures, it has been found that many experts have explored into the subject of job satisfaction and have come out with various kinds' definitions of job satisfaction. Stephen & Mary (2012) explain that Job satisfaction refers to an

employee's general attitude toward his or her job. Although job satisfaction is an attitude rather than a behavior, it's an outcome that concerns many managers because satisfied employees are more likely to show up for work, have higher levels of performance, and stay with an organization. Job satisfaction refers to a person's general attitude toward his or her job. A person with a high level of job satisfaction has a positive attitude towards his or her job. A person who is dissatisfied has a negative attitude. When people speak of employee attitudes, they usually are referring to job satisfaction.

But Robert & Paul (1991) explain that is an optimum positive felling derived after the completion of a task to achieving the target of the organization and in return the worker is rewarded either in cash or kind. Jean & Stanley (2014) defines job satisfaction as the response of the individual towards the role played at work. Even Zorlu (2009) describes that it is related with the individual need, and job satisfaction can be classified as per the needs of the individual. It is the feeling associated with the mind and environment which individual lives in. Paul & Rebecca (2012) expresses as a positive perception of the individual with the work he does.

Looking through all these various definitions and concepts provided by various experts, one can see that there is various similarities and dissimilarities but however concludes in the similar note at the end, therefore, it can be concluded that, Job satisfaction refers to a person's general attitude toward his or her job. A person with a high level of job satisfaction has a positive attitude towards his or her

job. A person who is dissatisfied has a negative attitude, and it is the optimum level of positive feeling an attitude derived from the work and towards work and finally it is the feeling associated with the mind and the environment the individual lives in. At last job satisfaction refers to a person's general attitude toward his or her job. A person with a high level of job satisfaction has a positive attitude towards his or her job. A person who is dissatisfied has a negative attitude. When people speak of employee attitudes, they usually are referring to job satisfaction.

Job satisfaction is a multidimensional phenomenon and it is therefore argued that different scholars identify different job satisfaction factors. The phenomenon of job satisfaction is associated with following factors namely:

Pay and Income:

Wages and salaries are important factors for job satisfaction. Money not only helps personnel attain their basic needs but also instrumental in providing upper-level needs satisfaction. People with higher income are more satisfied with their job than the individuals with lower income. But money cannot term as the most determinant factor contributing to the job satisfaction but money make things worthwhile. Income level is associated with status, lifestyle and independence (Fredy, 2009).

The teacher's commitment can be improved and their degree of satisfaction could be improved, by identifying the impact of compensation. The compensation has optimistic relationship with the commitment and job satisfaction.

According to the several researchers, a dynamic association exists between salary and satisfaction of job. Pay is the major forecaster of job satisfaction. It is the amount of monetary compensation that is expected by the workers in relationship with the services provided to the institution (Muhammad *et.al,* 2014). Research findings implied that teachers' salary is an important factor that contributes to teachers' job satisfaction and educational planners should consider the importance of increasing teachers' salaries in order to retain teachers in the teaching profession. Several studies suggested that job satisfaction is enhanced when workers perceive equitable pay compared to their input. When workers feel that they are inequitably remunerated dissatisfaction sets in and the larger the reward the more the job satisfaction of a worker (Michael, 2012).

Working Conditions:

Generally, employees are satisfied with physical surroundings which are not dangerous or uncomfortable. Providing good physical working conditions (e.g. cleanliness of the working place, lightning, adequate tools and equipment) enables employees to carry out their jobs easily, comfortably and efficiently. Working conditions such as flexible time, job sharing and shorter work weeks are quite valued by employees because they can facilitate valued off the job activities such as pursuing hobbies. Most employees also value a location close to home, new buildings, cleanliness, and adequate tools and equally as working conditions (Fredy, 2009).

The intrinsic factors such as achievement, recognition, the work itself, responsibility, advancement, and growth. There is effect of intrinsic rewards on employee satisfaction. Intrinsic rewards motivate employees and have significant importance, recognition is the most important reward for an employee; through recognition they become satisfy and stay with the organization. These rewards enhance the satisfaction of employees. The research study reveal that financial rewards are not important in all situations. The rewards other than financial may also matter for the satisfaction of the employees. The opportunities to learn skills and advancements are important for work satisfaction. There is positive relationship among autonomy, leadership behavior team working environment and job satisfaction. The recent results told that more autonomy in the work place increases the job satisfaction of the employees. Job autonomy, job performance feedback and clarity which is significantly correlated with job satisfaction (Tausif, 2012).

Intrinsic Rewards:

An intrinsic reward is an intangible award of recognition, a sense of achievement, or a conscious satisfaction. For example, it is the knowledge that you did something right, or you helped someone and made their day better. Because intrinsic rewards are intangible, they usually arise from within the person who is doing the activity or behavior. So 'intrinsic' in this case means the reward is intrinsic to the person doing the activity or behavior. Professional derives greater rewards from works, including the challenge of their work, the use of the

skills and knowledge, the opportunity for self-development, learning, and growth (Fredy, 2009).

Working condition is defined as the perceived entirety of non-economic fundamentals that provides surroundings to an academician's job. Working environment is another characteristic that has a major control on the work satisfaction degree of the workforce. Schools can enhance this degree of individual's performance by enhancing job satisfaction with reward and working conditions. Providing excellent corporal working environment (sufficient and relevant tools and equipment for teaching, cleanliness of the working place and class room and, lightening) enables employees to perform their work without difficulty and professionally. Excellent work-conditions like clean and attractive environment facilitate workers to carry out their work easily and thus are expected to have an optimistic impact on job satisfaction (Muhammad *et.al,* 2014).

2.2 Personal Characteristics

Gender:

The research conducted among Canadian teachers revealed that job satisfaction levels differ significantly between male and female teachers. Similarly, the results of research that was conducted in the United States revealed that there were significant differences in the levels of job satisfaction between male and female teachers. They say that female teachers were more satisfied with their job than male teachers (Fredy, 2009).

Age:

The relationship between the job satisfaction and age can be explained through a U-shaped graph, it explains that the level of satisfaction is very high in the initial phase and start to decline and reaches to such a crucial level whereby it reaches a point of extinction but takes a turn and gears up towards the optimum level of satisfaction with the age. Even there are no strong literature concerning the relationship between the job satisfaction and the age. Findings of a study conducted among teachers in Finland revealed that there was a strong relationship between the teacher's age and job. They found that teachers' job satisfaction was linked to their age. Secondary schools teachers in United Kingdom did not differ significantly in their job satisfaction in relation to age. Work satisfaction among Chinese teachers increases with the increase in age. Similarly, it is argued that the higher the teacher's age, the higher the level of job satisfaction and the lower the teacher's age, the lower the job satisfaction (Fredy, 2009).

Marital Status:

Individual social needs can be satisfied through the love and compassionate feelings shared with the family members, spouse and other kith and kin. Empathetic and helpful family members can raise the level of Job satisfaction an individual. Researchers have discovered that the positive characters displayed in a work place are the ones coming from a well-groomed family, these are the family

who are very kind and helpful to others and such people tend to have higher level of job satisfaction compared to others. However Results of the research on job satisfaction that was conducted among primary and secondary school teachers in Greece revealed that there were no significant differences in levels of teachers' job satisfaction with regard to marital status (Fredy, 2009).

Qualification:

The fresh graduates with higher qualifications are not satisfied with the ordinary job they do. The study of job satisfaction of the private and public employee, reveal that qualification as a variable had much stronger negative job satisfaction in the private rather than in the public employees (Fredy, 2009).

2.3 Job Characteristics

Working Experience/Length of Service:

Working or teaching experience refers to the number of years a person has served as a teacher, the teachers with long teaching experience indicated higher levels of job satisfaction with such aspects as pay and supervision. In other words, the level of satisfaction increased with the increase in years of service in the teaching profession i.e. the level of job satisfaction and motivation among workers increases with job experience. Employees with many years of service perceived higher job satisfaction than their colleagues (Fredy, 2009).

School Level/Grade:

Various school levels differs the working environment and the work load. In a higher secondary school, teachers needs to concentrate more on the content of the subject so needs to change the pedagogy of teaching concentrating on the content. Similarly in the middle secondary school teachers need to concentrate on the student activity as well as the content of the subject. Therefore, depending on the school level, the teacher's cognitive domain and psychomotor level is challenged and if the teacher feels that the job is challenging and useful, it will lead the person to be satisfied with the work (Best & James, 2005). However, in Sri Lanka context the national school teachers seemed to be more satisfied than provincial school teachers (Chandradasa, 2014).

Promotions/Positions:

Academicians are more motivated and dedicated to carry out a job and also more satisfied if promotion opportunities are available to them. If the schools enhanced their pay structure and provide promotion opportunities for their teachers then the teacher will show more contentment towards their job. The promotion involves the accessibility of progressive opportunities, if individual assume that they will not have much promotion possibilities then there will be negative impact as a whole. Reasonable probability of promotion according to the employee's skill and ability to make employee more faithful to their work become a foundation of pertinent workability for the employee (Muhammad *et.al,* 2014). Employees occupying managerial or leadership positions in the organization indicate higher levels of job satisfaction than

others. This implies that teachers who occupied senior positions like being Deputy Principal, Senior Academic master/mistress, and Head of Department among others in their respective schools were more satisfied with their job than their colleagues without such promotional positions. Similarly, teachers who had earned promotions in their schools were more satisfied with their job than others (Fredy, 2009).

Subject Combination:

A conducted survey of secondary teachers' attitudes towards teaching subject combination and their job satisfaction which reviewed that there is a strong relationship between attitude towards teaching subject combination and job satisfaction. Positive attitude towards teaching indicated a high job satisfaction while negative attitude towards teaching conversely indicated low job satisfaction (Michael, 2012).

2.4 Intention to Leave

Intention to leave can be defined as contemplating quitting his or her current job. Intention to leave' was the next logical step after experienced workplace dissatisfaction. Intention to leave is influenced by a substantial number of identified factors, such as co-workers' job embedding and job search behaviors, three key factors; met expectations, job values and job attitudes that were related to intention to leave the organization, Other factors were work and family tensions and workplace bullying. Job dissatisfaction, availability of employment alternatives, low organizational and professional

commitment, stress and lack of social support are the strongest predictors of turnover or intention to leave. Further heavy workloads, lack of professional commitment, low job satisfaction and career-based issues of training and development. Personal issues included burnout, and work and family conflict. Further industrial issues included dissatisfaction with the professions' salary levels, shift work or working hours and uncertain work status. Prior research has shown that job satisfaction is strongly and inversely associated with employee's intention to leave an organization. Job satisfaction significantly mediated the relationship between work stress and turnover intention; thus, higher job satisfaction decreased work stress and turnover intention. In other words, more satisfied employees are less likely to seek a new job, with a new employer (Salman, 2014). For the past few decades, employee retention has been of interest to researchers and employers in various fields. To remain competitive in the rapidly expanding global economy and to keep pace with technological advances requires a workforce with robust institutional knowledge; therefore, employee retention is of great importance to businesses or any type of organization.

Traditionally, studies have shown that employees tend to leave their jobs because of unfavorable work experience, above all job dissatisfaction. Working conditions, such as interpersonal treatment, peer relations, leadership style and support, school climate, problems with student behavior and the handling of student discipline, parental support,

and promotion in school, are directly associated with teachers' job satisfaction and intention to leave (Orly Shapira, 2009).

Scholars speculate that employee turnover can be predicted using comprehensive measures of job satisfaction; otherwise stated, high job satisfaction is associated with low employee turnover. Moreover, research shows that the relationship between job satisfaction and actual employee turnover is moderated by intentions. Also it is noted that positive and statistically significant relationships have been reported in dozens of studies exploring leaving intentions and actual leaving behavior. In other words, intention to leave a job is an immediate precursor to actually leaving. For this reason turnover intention has been incorporated into most employee turnover. Turnover intention is defined as an employee's intent to find a new job with another employer within the next year. Generally, it is accepted that job satisfaction and employee turnover intention are inversely related. The established, inverse relationship between job satisfaction and employee turnover intention is very important to research in organizational behavior. One of the main goals of turnover research is to measure actual employee turnover; however, employee turnover data is often inaccessible to researchers. Frequently, this data is unavailable because it is not accurately or consistently collected. Thus, researchers must rely employee turnover intention as a proxy for actual employee turnover (Elizabeth, 2012).

2.5 Conceptual Framework and Hypothesis

Following variables were identified; intent to leave as dependent variable, job satisfaction as independent variable (income, working condition and intrinsic rewards) and personal characteristics (age, gender, marital status, and qualification) and job characteristics (teaching experience, position, school level, teaching and preferred subjects) are classified as moderate variables.
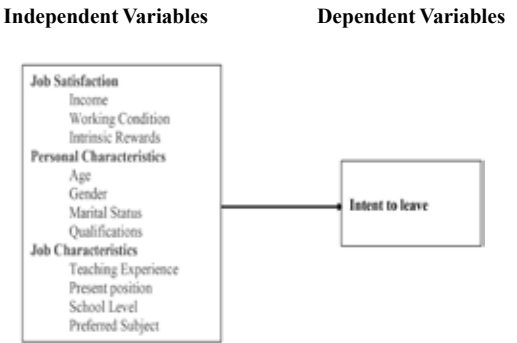

Figure 1 - Diagrammatic Representation of Conceptual Frame Work

The study research hypothesis were developed to determine the significance of the Independent Variables and their relationship between the Dependent Variable. The hypothesis of this study stated as follows;

H_1 - There is a significant relationship between Graduate Teachers' Income and Intent to leave

H_2 - There is a significant relationship between Graduate Teachers' Working Condition and Intent to leave

H_3 - There is a significant relationship between Intrinsic Rewards of Graduate Teachers' and Intent to leave

H$_4$- There is a significant relationship between Graduate Teachers' Personal Characteristics and Intent to leave

H$_{4a}$- There is a significant relationship between Age and Intent to leave

H$_{4b}$- There is a significant relationship between Gender and Intent to leave

H$_{4c}$- There is a significant relationship between Marital Status and Intent to leave

H$_{4d}$- There is a significant relationship between Qualifications and Intent to leave

H$_5$- There is a significant relationship between Graduate Teachers' Job Characteristics and Intent to leave

H$_{5a}$- There is a significant relationship between Teaching Experience and Intent to leave

H$_{5b}$- There is a significant relationship between Present Position and Intent to leave

H$_{5c}$- There is a significant relationship between School level and Intent to leave

H$_{5d}$- There is a significant relationship between Teaching Subject and Intent to leave

H$_{5e}$- There is a significant relationship between Preferred Subject and Intent to leave

3. Research Methodology

This research mainly uses quantitative design, for which data were collected through simple pre-tested structured questionnaires. Multi Stage Random Sampling is performed by the method of simple random sampling. The Jaffna district has 449 schools, out of those; 06 national schools, 40 Type 1 AB schools, 51 Type 1 C schools, 152 Type 2 schools and 200 Type 3 schools. A grand total of 7546 teachers are enrolled in the various schools in the district out of which 3377 as graduate teachers, by considering type of schools, 200 graduate teachers were randomly selected out of 3377 graduate teachers.

Multi Stage Random Sampling is performed with the selection of school samples according to the level of school classified into national schools, Grade 1 AB Schools, Grade 1C Schools, Grade 2 Schools and Grade 3 Schools by the method of simple random sampling Table 3.1.

Table 3.1 - Sampling Method

Type of School	Number of Schools	Number of graduate teachers	Number of sample teachers
National Schools	06	365	18
Grade 1 AB Schools	40	1024	70
Grade 1C Schools	51	973	56
Grade 2 Schools	152	780	41
Grade 3 Schools	200	235	15
Total	449	3377	200

The research instrument selected for this research was the structured pre tested questionnaire. To collect the data the researcher personally visited the selected schools and met with the Principals and explain the purpose of the visit and handed over the questionnaires to the Principals. The researcher request the Principals to distribute to the teachers and collected after two weeks. The questionnaires were distributed to 200 graduate teachers teaching in government school of Jaffna District, which is the total sample strength the response was very positive 100 % respondent. After the collection of the data, the data was analyzed by using SPSS.

4.0 Findings and Discussions

4.1 Sample Descriptions

Out of 200 graduate teachers, half of the i.e. 55.5 % which constitute 111 graduate teachers fallen under the age group of 30-39 years. Majority of the respondents were (67 %) females constitute of 134 numbers. Seventy seven percent of the population were belongs married followed by single status (20.5 %). Out of the total population 158 graduate teachers were Bachelor degree holders which constitute of 79.4 %.

Among the 200 graduate teachers, 62 % had a service period of between 5-9 years. Majority of the graduate teachers (82 %) were belongs to teacher profession as a present position in the school followed by sectional head (11 %). With regard to the school level, 35 % with 70 respondents teaching in the Type 1AB school followed by 28 % with 56 teachers teaching in the Type 1 C school. Results indicated that the teaching and preferred subjects of the teachers' varies 25.5 % which constitute of 51 graduate teachers were teaching and willing to teach in primary subjects.

4.2 Job Satisfaction and Intent to leave

The satisfaction levels were grouped based on the mean value of the score obtained. Those mean values are interpreted as follows; Low satisfied (1.00 - 2.33), Moderate satisfied (2.34 - 3.66) and High satisfied (3.67 -5.00).

Table 4.1 demonstrates satisfaction level on working condition is moderate with average mean value of 2.578, satisfaction level on income is low with the mean value of 1.911, satisfaction level on intrinsic rewards is moderate satisfaction level with the mean value of 3.374 and satisfaction level on intent to leave is satisfied for intention to leave with the mean value of 3.467. There by the findings of overall satisfaction level were moderate with the average mean value of 2.832. So out of four independent variables working condition and income level are associated with un-satisfaction condition, intrinsic rewards were related with moderate level satisfaction and intent to leave mostly related to satisfaction condition for the intention to leave.

Table 4.1 - Summary of Overall Job Satisfaction and Intent to Leave

Statement	Mean	Standard Deviation	Level of Satisfaction
1. Job Satisfaction	2.832	.511	Moderate
Working Condition	2.578	*.514*	Moderate
Income	1.911	*.453*	Low
Intrinsic Rewards	3.374	*.559*	Moderate
2. Intent to Leave	3.467	.519	Moderate

The research question was to conform that are any differences exist between intent to leave versus independent variable, so findings related to research question answers were mentioned as; according to the correlation analysis Table 4.2 indicated that there was a negative linear correlation between intent to leave versus working condition ($r = -0.418$), income ($r = -0.512$) & intrinsic rewards ($r = -0.370$) and regression analysis between job satisfaction and intent to leave demonstrated that according to Table 4.3, working condition ($p=0.000$), income ($p=0.000$) and intrinsic rewards ($p=0.000$) showed a significant relationship with intent to leave. Therefore hypothesis H_1, H_2 and H_3 were accepted.

Table 4.2 - Correlation Analysis between Job Satisfaction and Intent to Leave

Variables		Intent to leave	Sig.
Job Satisfaction	Working Condition	-.418	.000
	Income	-.512	.000
	Intrinsic Rewards	-.370	.000

Table 4.3 - Regression Analysis between Job Satisfaction and Intent to Leave (Coefficients)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	5.196	.268		19.399	.000
Working Condition	-.692	.107	-.418	-6.473	.000
Income	-.483	.058	-.512	-8.386	.000
Intrinsic Rewards	-.533	.095	-.370	-5.610	.000

a. Dependent Variable: Intent to Leave

4.3 Personal Characteristics on Intent to Leave

The research findings indicated answers for the third research question, do any differences exist, intent to leave with regard to personal characteristics, According to table 4.4 and 4.5 the correlation analysis between age and intent to leave illustrated a positive linear correlation ($r = 0.074$). Differences of age has a relationship ($p=0.375$) with intent to leave. There was a positive linear correlation between intent to leave

versus gender (r = 0.057), marital status (r = 0.065) and qualification (r = 0.009). The gender (p=0.516), marital status (p=0.843) and qualification (p=0.802) showed a very week relationship with in intent to leave, but not at 5% level of significance. , Therefore hypothesis H_4 were not accepted.

Table 4.4 - Correlation of Personal Characteristic and Intent to Leave

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	5.196	.268		19.399	.000
Working Condition	-.692	.107	-.418	-6.473	.000
Income	-.483	.058	-.512	-8.386	.000
Intrinsic Rewards	-.533	.095	-.370	-5.610	.000

Table 4.5 - Regression Analysis between Personal Characteristics and Intent to Leave (Coefficients)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.179	.209		15.224	.000
Teaching Experience	.054	.036	.114	1.523	.129
Present Position	.024	.035	.051	.674	.501
School Level	.011	.020	.039	.539	.591
Teaching Subjects	.010	.010	.073	1.023	.307
Preferred Subjects	.010	.010	.073	1.023	.307

Regression analysis between personal characteristics and Intent to leave demonstrated that according to Table 4.5, age (p=0.375), gender (p=0.516), marital status (p=0.843), and qualification (p=0.802) showed no significant relationship with intent to leave. Therefore hypothesis H_{4a}, H_{4b}, H_{4c} and H_{4d} were not accepted.

4.4 Job Characteristics on Intent to Leave

According to research result on Table 4.6 and 4.7; indicated that there was a positive linear correlation between intent to leave versus job characteristics such as years of teaching experience in years (r = 0.094), present position in the school (r = 0.018), school level (r = 0.025) teaching subjects (r = 0.068) and preferred subjects (r = 0.068). The model analysis demonstrated that year of teaching experience in years (p=0.129), Present position in the school (p=0.501), School level (p=0.591), Present teaching subjects (p=0.307), and preferred subjects (p=0.307) have a relationship with intent to leave but not at 5% level of significance. Job characteristics with intent to leave various school levels differs the working environment and the work load.

Table 4.6 - Correlation of Job Characteristic and Intent to Leave

Variables		Intent to leave	Sig.
Job Characteristics	Teaching Experience	.094	.093
	Present Position	.018	.398
	School Level	.025	.362
	Teaching Subjects	.068	.171
	Preferred Subjects	.068	.171

Therefore, depending on the school level, the teacher's cognitive domain and psychomotor level is challenged and if the teacher feels that the job is challenging and useful, it will lead the person to be satisfied with the work (Fredy, 2009). Same study showed that teachers' attitudes towards teaching subject combination and their job satisfaction which reviewed that there is a strong relationship between attitude towards teaching subject combination and job satisfaction. However, this study concluded that job characteristics has a no significant relationship with intent to leave, therefore hypothesis H_5 was not accepted.

Table 4.7 - Regression Analysis between Job Characteristics & Intent to Leave (Coefficients)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.179	.209		15.224	.000
Teaching Experience	.054	.036	.114	1.523	.129
Present Position	.024	.035	.051	.674	.501
School Level	.011	.020	.039	.539	.591
Teaching Subjects	.010	.010	.073	1.023	.307
Preferred Subjects	.010	.010	.073	1.023	.307

Regression analysis between Job characteristics and Intent to leave demonstrated that according to Table 4.7, teaching experience (p=0.129), present position (p=0.501), School level (p=0.591), Teaching subjects (p = 0.307) and preferred subjects (p=0.307) showed no significant relationship with intent to leave. Therefore hypothesis H_{5a}, H_{5b}, $H_{5c.}$ H_{5d} and H_{5e} were not accepted.

5. Conclusions and Recommendations
5.1 Conclusions

On reviewing the result of the research, it was found that satisfaction level of working condition and intrinsic rewards was moderate but the satisfaction level of income is low. Also, the overall satisfaction level was moderate. There was a negative linear relationship between the said three components of job satisfaction and intention to leave.

This paper further examined that reasons behind the working condition fallen in the moderate level category due to teachers are enjoyed lack of freedom in their schools or place of work followed by colleagues value their contribution very low in the school. Muhammad *et.al* (2014), excellent work-conditions like clean and attractive environment facilitate workers to carry out their work easily and enables teachers to perform their work without difficulty and professionally thus are expected to have an optimistic impact on job satisfaction.

The satisfaction level on income was low due to they felt that their income were not adequate to their educational qualification was highly unsatisfied followed by they were not happy with their present fringe benefits, their salaries were not sufficient to meet all important expenses and they were not paid with appropriate wage level for the amount of work. Research findings implied that teachers' salary is an important factor that contributes to teachers' job satisfaction. Several studies suggested that job satisfaction is enhanced when workers perceive equitable pay compared to their input. When workers feel that they are inequitably remunerated dissatisfaction sets in and the larger the reward the more the job satisfaction of a worker (Michael, 2012).

Overall satisfaction level on intrinsic rewards were moderate due to teachers felt to be selected as a school principal were very satisfied followed by most of them were looking opportunity to attend workshop or seminar. The opportunities to learn skills and advancements are important for work satisfaction. There is positive relationship among autonomy, leadership behavior team working environment and job satisfaction. The recent results told that more autonomy in the work place increases the job satisfaction of the employees. Job autonomy, job performance feedback and clarity which is significantly correlated with job satisfaction (Tausif, 2012).

Findings revealed that intent to leave factors were moderate satisfied and teachers looking for chances to another job rather than teaching were satisfied, followed by moderate satisfaction of refrain their present teaching jobs any time. Indications are that employees are more likely to stay when there is a predictable work environment. Time

pressure, excessive work demand and role conflicts, are causes of job stress; job related stress causes lack of commitment in the organization; and job dissatisfaction make employees to quit (Muhammad *et.al,* 2014). Low salary has often been found to be a significant predictor of teachers' intent to leave (Orly Shapira, 2009). A study, revealed that intrinsic rewards strongly associated with intention to leave and intrinsic satisfaction displaying stronger influence on intention to leave (Henry, Motena & Casius, 2013). So finally according to first research question, working condition, income, intrinsic rewards factors, personal characteristics and job characteristics were the identified as factors affecting intent to leave among graduate teachers in Jaffna District.

Further researcher defined the second objective as; to determine intent to leave among Graduate Teachers with regard to the Job Satisfaction (income, working condition and intrinsic rewards); there was a negative linear correlation between intent to leave versus working condition, income & intrinsic rewards. However working condition, income and intrinsic rewards showed a significant relationship with intent to leave. To determine intent to leave among Graduate Teachers with regard to the Personal characteristics and Job characteristics. The Personal characteristics factors of age, gender, marital status and qualification showed that there is no significant relationship with intent to leave. Mean while Job characteristics factors of teaching experience, present position, school level, present teaching subjects and preferred subjects also showed that there is no significant relationship with intent to leave. Findings reflect that the personal characteristics and job characteristics factors have no significant relationship with the intent to leave. One possible reason for this could have been the said

factors are indirectly influencing the independent variables of job satisfaction such as working condition, income and intrinsic rewards (H_1, H_2 and H_3). And also commitment for social, culture of society, context and important of job and education could influence personal characteristics and job characteristics.

According to Fredy, (2009); the satisfaction level of worker are highest for those who come from a well-groomed family and who is surrounded by love and compassion of the dear and near ones, empathetic and helpful family members can raise the level of job satisfaction of an individual and the probable reason for the single workers to have lesser job satisfaction is they are lonely and always mobile and don't have any one to share any sort of feelings. Likewise the result also indicated that the qualifications don't have any impact of level satisfaction and intent to leave. Fredy, (2009) stated that; the fresh graduates with higher qualifications are not satisfied with the ordinary job they do and the study of job satisfaction of the private and public employee, reveal that qualification as a variable had much stronger negative job satisfaction in the private rather than in the public employees.

Fredy, (2009) stated that the years of teaching experience does have an impact on level of job satisfaction and intent to leave. Teachers with teaching experience of more than 30 years had a higher satisfaction level and fewer chances for intention to leave. Present position in the school identified as a one of job characteristics factors, has no significant relationship with intent to leave, and so depending on the roles played by teacher determines the level of job satisfaction and intention to leave. School level also has no significant relationship with intent to leave various school levels differs

the working environment and the work load. Therefore, depending on the school level, the teacher's cognitive domain and psychomotor level is challenged and if the teacher feels that the job is challenging and useful, it will lead the person to be satisfied with the work (Fredy, 2009). Present teaching subjects and preferred subjects have a relationship with intent to leave, a conducted survey of secondary teachers' attitudes towards teaching subject combination and their job satisfaction which reviewed that there is a strong relationship between attitude towards teaching subject combination and job satisfaction. Positive attitude towards teaching indicated a high job satisfaction and fewer possibilities for intention to leave while negative attitude towards teaching conversely indicated low job satisfaction and high chances for intention to leave (Michael, 2012).

5.2 Recommendations

Providing good physical working conditions enables teachers to carry out their jobs easily, comfortably, efficiently, and flexible time. So it is recommended to enhance the facilities of working environment with basis technology advances. Wages and salaries are important factors for job satisfaction. It is recommended that the pay and promotion policies and procedures to be checked to ensure that they are equitable. Performance based incentive system and pay according to qualification should be incorporate to motivate teachers. An intrinsic reward is an intangible award of recognition, a sense of achievement, or a conscious satisfaction. Professional derives greater rewards from works, including the challenge of their work, the use of the skills and knowledge, the opportunity for self-development, learning, and growth.

To provide more opportunities for carrier advancement, as an example make available chances for local and foreign training and professional development for senior teachers and sectional head in the schools, organize various level workshop, seminar and gatherings with help of various level stakeholders such as; Ministry of Education, Northern Provincial Department of Education, Northern Zonal Education Offices and some identified Non Government Organizations to enhance teachers' skills and broaden their experiences

This study identified the level of job satisfaction and intent to leave among graduate teachers in government schools in Sri Lanka: special reference to Jaffna District. As there were no studies previously conducted in this sector in Jaffna District, neither changes nor trends could be identified. Therefore, it is recommended that this study be repeated in the future to allow for comparative analysis studies and further Jaffna District, which is a suburb area, a similar kind of research can be conducted in the rural areas and make a proportional analysis.

Further, the present study conducted only for graduate teachers in government schools in Jaffna District. This should be extended into many more categories or the occupational levels such as trained teachers, private schools and semi government school teachers in various schools in Island wide base, Zonal or Provincial Educational office staff level officers of the Education Department which will give a more realistic picture and it would prove to provide more interesting result. As this investigation was limited to the graduate teachers in government schools in Jaffna District it is suggested that this be replicated to other Provinces and Districts within Sri Lanka.

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