

IJBED

ISSN 2051-848X (Print) ISSN 2051-8498 (Online)

International Journal of Business and Economic Development



Volume - 4

Number - 1

March - 2016

International Journal of Business & Economic Development is
an Open Access Journal of the Academy of Business & Retail Management (ABRM)

International Journal of Business & Economic Development

The Publisher

The Academy of Business & Retail Management pioneers in publishing new scholastic journals - in print and on line- in the areas of business, management and development. The current journal- IJBED- is presented to the readers to help promote application of acquired knowledge and understanding of the theoretical linkages between business and economic development so that less flawed and more pragmatic and sensible policies and strategies can be adopted by practitioners both at organisational as well as national levels. It is a peer reviewed journal and serves as a main research platform to uphold the philosophy the Academy stands for. ABRM, therefore, prides itself in ensuring that the high quality and professional standards expected of its journals are adhered to by pursuing a full double-blind refereeing process for all articles submitted to it for publication.

Copyright

Authors are requested to make sure that submitted article is neither published nor simultaneously submitted or accepted elsewhere for publication. IJBED only accepts and publishes articles for which authors have agreed to release under the terms of the Creative Commons Attribution Licence (CCAL) version "CC BY 3.0". Please note that authors retain ownership of the copyright for their article, but authors allow anyone to download, reuse, and reprint, modify, distribute, and/or copy articles in IJBED, so long as the original authors are source are cited. No permission is required from the authors or the publishers.

Subscriptions

The IJBED is published three times a year in March, July and November. Annual subscriptions are on offer for printed version of the journal to individual researchers, students and institutions and entitle them to issues of the journal once published.

Student and individual subscriptions:

UK/EU	£105 plus postal charges of £50
Rest of the World	£120 plus postal charges of £60

Institutional Subscriptions:

UK/EU	£150 plus postal charges of £50
Rest of the World	£180 plus postal charges of £60

Single issue price:

UK/EU	£50 plus postal charges of £20,
Rest of the world:	£60 plus postal charges of £25

ABRM may be contacted for dispatch prices for special or recorded delivery. All orders from outside the UK should be accompanied by subscription fees payable either by bank deposit into The Academy of Business and Retail Management, HSBC, Account: **71468979**; Sort code: **40-42-28**; cheque or banker's draft made payable to The Academy of Business & Retail Management.



International Journal of Business and Economic Development

Volume 4 Number 1 March 2016

The International Journal of Business and Economic Development (IJBED) is approved for listing in EBSCO Host, ProQuest, DOAJ and Cabell's Directory of Refereed Publication

www.ijbed.org

Mission Statement Academy of Business and Retail Management (ABRM)

The Academy of Business and Retail Management (ABRM) seeks to contribute to progress and prosperity through research and managerial excellence. It publishes prominent academic journals *each year*, as well as organizing international academic conferences and delivering high impact training. ABRM is committed to advancing research, education, theory and practice in the field of management. Its various journals provide a respected vehicle for theoretical insights and developments in the field of business, management and economic development. Articles published in these journals empirically examine theory-based knowledge. Its conferences are truly international and aspire to nurture young aspiring academics and well as to ensure interaction with some of the finest minds from academia. ABRM is committed to working to uphold the highest standards of probity and academic rigor in all that its endeavours.

Mission Statement International Journal of Business and Economic Development (IJBED) (Print) ISSN 2051-848X (Online) ISSN 2051-8498

The mission of this journal is to publish empirical research that tests, extends or builds business management and economic theory and contributes to business and economic development. All empirical methods including qualitative, quantitative, field, laboratory and combination methods are welcome. In order to be published in IJBED, a manuscript must make strong experiential and theoretical contributions and highlight the significance of those contributions to the business management and economic field. Thus, preference is given to submissions that test, extend or build strong theoretical frameworks while critically examining issues with high importance for business management and economic theory and practice. The IJBED is not tied to any particular discipline, level of analysis or national context. IJBED is committed to working to uphold the highest standards of probity and academic rigor in all that its endeavours.

The International Journal of Business and Economic Development (IJBED), the editors, the Editorial Board are not responsible for authors' expressed opinions, views, and the contents of the published manuscripts in the IJBED. The originality, proofreading of manuscripts and errors are the sole responsibility of the individual authors. All manuscripts submitted for review and publication in the IJBED go under double-blind reviews for authenticity, ethical issues, and useful contributions. Decisions of the reviewers are the only tool for publication in the IJBED. Final decision, is, however, taken by the editorial team at IJBED

IJBED reserve the rights to add, amend, modify, or delete its rules, policies, and procedures affecting its relationship with contributors as deemed necessary by the administration. Any such amendment, modification, addition, or deletion shall not be Reconsidered a violation of the relationship between ABRM and contributors.

International Journal of Business & Economic Development (IJBED)

Editors and Editorial Board

Editor -in-Chief

Mark T Jones

Director, Centre for Innovative Leadership Navigation (CILN), UK

Editor

Dr. P. R. Datta

Academy of Business & Retail Management, Middlesex, London, UK

Editorial Board Members

Prof. Lothar Auchter

University of Applied Science, Kaiserslautern, Germany

Dr. Michael Wernerheim

Momorial University of Newfoundland, Canada

Prof. Radhika Lobo

Birla College of Arts, Science and Commerce, Kalyan, India

Prof. Ong Fon Sim

The University of Nottingham Business School, Malaysia.

Prof. Victor Braga

School of Technology and Management, Portugal

Prof. Dr. R. Ganesan

Chairman & Presidium Chair: National Foundation for Entrepreneurship Development (NFED), India

Prof. Nasser Fegh-hi Farahmand

Islamic Azad University, Tabriz, Iran

Prof. Deepraj Mukherjee

Kent State University, USA

Prof. Ravi Kumar Bommiseti

Nagarjuna University, India

Prof. Alan James Thompson

BPP University, UK

Prof. A A Okharedia

University of South Africa, South Africa

Dr Igor Todorović

University of Banja Luka, Bosnia and Herzegovina

Prof. Shushil K Sharna

Ball State University, Indiana, USA

Prof. Maria Sheluntcova,

National Research University Higher School of Economics, Russia

Dr. Ha Viet Nguyen

University of New South Wales, Australia

Dr Azlina Hanif

Department of Economics, Universiti Teknologi MARA, Malaysia

Prof. C.H. Sanjay

Gandhi Institute of Technology and Management, India

Prof. Purushottam Neha

University of South Africa, South Africa

Prof. Khatira Huseynova

The Academy of Public Administration Under the President of the Republic of Azerbaijan, Azerbaijan

Prof. Shantosh Rangnekar

Indian Institute of Technology, Roorkee, India

Prof. Derek van der Merwe

University of Johannesburg, South Africa

Prof. Ryszard Borowiecki

Cracow University of Economics Poland

Prof. Mudrajad Kuncoro

Gadjah Mada University, Yogyakarta, Indonesia

Prof. Devaraja T S

University of Mysore, Hassan, Karnataka, India

Prof. Atchara Sriphan

Naresuan University, Thailand

Dr. Gangadhar Banerjee

Vivekananda Education Society's Institute of Management Studies and Research (VESIMSR), Mumbai, India

Volume 4 Number 1 March 2016

(Print) ISSN 2051-848X**(Online) ISSN 2051-8498****Statement of Editorial Policy**

The IJBED is a scholarly and refereed journal that provides an authoritative source of information for scholars, academicians, and professionals in the fields of business and economic development. The journal promotes the advancement, understanding, and practice of business & retail management. Manuscripts offering theoretical, conceptual, and practical contributions are encouraged.

Aims and Objectives

IJBED is a peer reviewed journal and is a research publication platform for international scholars. Their research can be in any aspect of business and economic development covering the interests of developed and emerging countries alike. The Journal seeks to reach a worldwide readership through electronic media. The main aims of the Journal are:

- Publish high quality and scholarly empirical based research papers, case studies, reviews in all aspect of business, management and commerce with theoretical underpinnings.
- Offer academics, practitioners and researchers the possibility of having in depth knowledge and understanding of the nature of business and management practices and.
- Create a forum for the advancement of business and economic development research.

Readership

The readership for this journal includes academics, researchers, professionals, executives engaged in business and economic development, policy makers, government officials, central, private and public banks and financial institutions, NGOs, micro-financial institutions, and any one has interest in business and economic development.

A statement about open access

IJBED is an open access journal which means that all content is freely available without charge to the user or his/her institution. Users are allowed to read, download, copy, distribute, print, search, or link to the full texts of the articles in this journal without asking prior permission from the publisher or the author. IJBED is committed to publish all full text articles online for immediate open access to readers and there is no charge to download articles and editorial comments for their own scholarly use.

International Journal of Business & Economic Development (IJBED) Volume 4 Number 1 March 2016

Editorial Comments

This particular edition of the *International Journal of Business & Economic Development (IJBED)* contains ten scholarly articles conforming to the principal objective of the journal, namely the dissemination of both applied and theoretical knowledge. The papers provide a stimulating insight into a range of issues, both with local and global significance and afford us an opportunity to appreciate the way in which various sectors and economies are wrestling with multiple challenges. The findings of a number of these papers are significant not only for academicians, but also for professionals, policy makers and those responsible for local, regional and national strategy. It is evident that whilst there is clear evidence of mankind's ingenuity in a range of circumstance, there is also a wealth of evidence presented herein for a lack of foresight in a variety of sectors and areas of human endeavour. The Editorial Board is grateful to the contributors for making IJBED the platform by which they have chosen to put their research into the public arena, and trust that they will use their good offices to ensure that others do the same. It is also important that we acknowledge the work of the reviewers, who without their important part in the winnowing process this edition would not have been possible. In view of the scope of IJBED it is important to draw upon as wide a field of reviewers as is possible and thus we are always happy to hear from those who might be willing to be considered for such a role.

The first paper is entitled: **The Impact of Globalization on economic conditions: Empirical evidence from the MENA region** by ElSherif. What arises here from the outside is the importance of endeavouring to define the MENA region. As in so many incidents when it comes to geo-cultural entities we encounter the challenge of whether to opt for a very precise or broader definition. This is something that is apparent when endeavouring to define which countries constitute the Horn of Africa. Most of us have a broad understanding of what globalization is, but even here there is room for considerable discussion, especially as there is now a general consensus that it has become somewhat of a double edged sword. What is evident is that external factors would appear to be playing an ever growing part in the lives of the nations of the MENA region, these appear all the more acute in the light of the paralysis and internal divisions manifested by institutions such as the Arab League. In its quest to define MENA this paper endeavours to remove the Gulf Cooperation Council (GCC) from the analysis.

The fact that there has; "been a fall in the influence of national governments" is a significant one which would appear to reinforce the view that nation states are mere ships on a storm tossed sea. All regions have their own dynamic and that it is just as well to examine the MENA countries in the light of the current Fragile States Index (<http://fsi.fundforpeace.org/>). In some respects the region is a veritable powder keg, a demographic time bomb that presents administrations of various hues with monumental challenges both internal and external. The so-called Arab Spring and the faux revolution in Egypt (the military remain the primary force as it has done in the country for decades) have resulted in the muzzling of dissent, factors that do not bode well when it comes to reform and greater transparency. While political factors cannot be ignored, the quest to measure the impact of globalisation is a laudable one. The OECD Economic Globalization Indicators (2010) provide researchers with a framework that is a useful starting point. The issue of the MENA region and its integration into the global economy is a significant one, something that is also explored in a paper for the IMF pre-financial crisis by entitled: *Challenges of Growth and Globalization in the Middle East and North Africa (Abed & Davoodi, 2003)*.

Those commentators that do take an interest in the MENA region frequently bemoan the lack of understanding of the regional dynamic. Thus the conclusions in this paper might to some see more likely to appear aspirational in nature. If nothing else it is clear that globalization is set to remain a topic of much discussion and the focus of future research.

In academia and life in general so much rests upon the interpretation of language. Time and time again we see examples in our everyday lives of the way in which words are used (and abused). Words mean different things to different people. If we take the word 'satisfactory' for some this means 'an acceptable standard' for other it conveys 'mediocre'. Our judgements in relation to so many situations are influenced by societal standards, but are also by their very nature subjective and must be seen as such. This leads us to the second paper: **The new requirements relating to going concern evaluation and disclosure provide a critical improvement to the financial statements taken as a whole** by **Seyan and Brickman**. With viability being integral to any commercial entity the significance of audits and financial statements is of paramount importance. Regulators have a duty of care to ensure that guidance is fit for purpose, whilst at the same time ensuring that mechanisms are interpreted correctly. Legal and regulatory frameworks and requirements need to take note of a rapidly changing and increasingly risk sensitive (some might say risk averse) marketplace. When it comes to going concerns, to date certain assumptions have been made and therein lies the difficulty, what one auditor might assume, another does not. Accounting processes and trust that they need to be affective must be universally applied and thus margins for error or over or under interpretation need to be reduced as much as is humanly possible. This paper lays bare the importance not only of changes made, but also stresses the importance of ensuring that key stakeholders understand, assimilate and act on them. What might warrant an article in a professional magazine read by accountants and auditors, is unlikely to excite the business press, let alone the mainstream media that said, such issues matter and directly or indirectly affect us all.

This paper raises some serious points and makes it abundantly clear that such processes are themselves fraught with difficulties, especially in regard to any question marks that may hang over a business and its future viability. In the past I have raised the question about foresight planning and why this is not included in accountancy processes in the same way in which goodwill is. Maybe there is a case for a traffic light system, one that uses 'green' (secure), 'amber' (a point for action) and red (a point of danger) to be used.

The adoption of any new accounting standard in the US or elsewhere requires considerable readjustment. The issue of going concern and disclosure is indeed a sensitive one, yet anything that helps reduce ambiguity has to be a step in the right direction. In the light of some of the events around the financial crisis of 2007/2008 onwards such changes have been a long time coming.

The third paper of this edition is entitled: **A sluggish US is no surprise: Declining the rate of growth of profits and other indicators in the last three quarters of 2015 predicted a slowdown in the US Economy in the coming months** by **Namvar**. Well once we have digested the length of the paper title, there is plenty to reflect upon. Firstly, the author hits the reader with an interesting claim, namely that recessions are "unavoidable but controllable" - this statement alone could exercise all of us for a considerable amount of time. I have a feeling quite a number of Japanese economists would have something to say about this.

Any holistic assessment of an economy presents a range of challenges, not least how one examines, measures and benchmark national, local and sectoral indicators. External factors whether they be geo-political in nature or in regards to the likes of the world oil price, all impact on that all important element - confidence. One surprising element that appears to be missing here is that of Foreign Direct Investment, a figure that is not only significant, but to some extent

a bellwether in respects of international economic buoyancy and the trust in the US economy. I note with interest that the US Bureau of Economic Analysis reported that; "FDI in the US increased by 35494 million US\$ in the fourth quarter of 2015". Preoccupations in regards to interest rate changes or the forthcoming Presidential election also play their part. The S&P 500 Stock Index and the Consumer Confidence Survey are other indicators that help flesh out the picture of the general dynamism of the US economy at any given time.

Namvar reminds the reader that American's have more than a fleeting interest in the health of the US economy. The fact that he claims that nearly half of all US citizens hold stock is extremely telling and warrants further analysis. It would be interesting to discover what is driving such a high level of ownership and to what extent small investors are passive or active in the marketplace. Whilst the global dynamic has changed substantially since the Wall Street Crash of 1929, we would do well to remember those words from the time; "When America sneezes Europe catches the cold." - This not only applies to Europe, but much of the wider world. Anything that enables a greater understanding of the US situation is useful, providing we appreciate that when it comes to the US what might apply in Austin, Texas almost certainly will not be true in Flint, Michigan.

The issue of work-life balance is one that exercises individuals from a range of backgrounds. The way in which we perceive work is fundamental, some live to work, whilst others work to live. In these troubled times it is a blessing to be in regular employment, yet this does not give employers the right to exploit those in their employ. Mechanisation, new technology and the arrival of zero hours contracts have changed the employment landscape globally. For those in employment, as well as those seeking employment these are uncertain times, times that some unscrupulous individuals and organisations seek to use to their own advantage. Weak labour laws, de-unionised work environments and flat-line management structures all go to create an insecure environment, one where owners and managers appear to act with impunity. Work place bullying in some sectors is common place, with a hire and fire mentality installing fear and anxiety into many. Morale in the workplace is often low and as a consequence organisations and institutions are rarely happy or positive places in which to work. In addition the nature of the structure of patriarchal societies is such that a sizeable part of the workforce, namely women feeling seriously disadvantaged and powerless. Pay differentials and issues around maternity leave and child rearing all add to a complicated and often thoroughly depressing picture.

With the workplace in mind it is appropriate that the next paper is entitled: **Work family balance dilemma among employed parents (An empirical study)** by Omran. From the outset this thought provoking paper lays before the reader some of the most challenging issues appertaining to the world of work, namely commitment and staff retention. If employees have an intention to leave, then there are clearly issues concerning staff retention. With the study having been undertaken in Egypt where the family is a primary focus we are soon presented with an additional issue, that of the conflict between the obligation and ties to home/family and those of the workplace. Omran makes clear that whilst the term 'work-life' balance may have entered common parlance to some degree, there still appears to be a lack of consensus in some respects.

Surveys and questionnaires that touch on such sensitive subjects as family and work are invariably problematic. No matter how many reassurances are given concerning confidentiality, there is invariably an underlying fear that somewhere in the process certain influential figures may become privy to individual feedback and what is more be in a position to discover the identity of respondents. Thus we would do well to factor this into our thinking, as well as appreciate that there is a very real likelihood that some respondents may well have tempered

their responses with that thought in mind. The results in regards to work- family balance are not exactly a revelation, but they do underscore the desirability of ensuring that such a balance is struck. Where perhaps this study might lead is in regards to helping to frame the narrative and case studies in business and management schools across Egypt. Generally, in Egypt and elsewhere there is a feeling that some managers and employers pay lip service to work-life balance, whilst there are others who still take a view not dissimilar to that of Ebenezer Scrooge, that far from model fictional employer created by Charles Dickens. If costs are a key concern, and surely the bottom line should be for any business, then employers would do well to take note of the findings presented here and take a more holistic approach to accommodating the needs of their staff, whether these be married or not.

The next paper is entitled: **The role of entrepreneurship in economic development in Saudi Arabia - Yusuf and Albanawi**. In identifying that entrepreneurship is a key driver in economic development this paper portrays entrepreneurship's role as being akin to an engine. This analogy is an interesting one, especially as like Saudi Arabia an engine is dependent upon oil. If we continue this analogy we should want to know what the constituent parts are and how we, or in this case the Saudis ensure that the engine purrs. Much is made of the role that the state has in promulgating a greater awareness of the importance of entrepreneurship; evidence would appear to suggest that this is decidedly patchy outside the main urban areas. Since this paper was first submitted a key document (www.vision2030.gov.sa) has been released that itself gives further insight into Saudi government priorities in the coming years. Engendering an "entrepreneurial" spirit, rather than one that becomes dependent on state largess is a laudable yet often difficult to achieve. Should a nation rely on its entrepreneurial culture to be state sponsored or directed, or should it create a free and stimulating environment that provides the fertile soil for organic growth?

Saudi Arabia's demographics are such that the issues of youth unemployment and youth underemployment are matters of grave concern. The need to create jobs is pressing not only for the well-being of society, but for the stability of the country as a whole. One of the main reasons that the House of Saud would appear to have woken up to the issue of job creation is in regards to doing what it can to improve its own chances of survival. Entrepreneurship, social or otherwise results in the development of human capital, a point well made in the paper: *Social women entrepreneurship in the Kingdom of Saudi Arabia* (Nieva, 2015). Where some might take issue with Yusuf and Albanawi is in regards to the supposed negative effects of entrepreneurial activity. Two major charges are laid at the door of entrepreneurs, namely that they cause inflation and result in the depletion of natural resources. These are serious charges and as such warrant further research, and whether proven or not could well prove worthy of an entire academic paper of their own. What is clear from this paper is that entrepreneurship has entered the mainstream arena and as such this is a welcome development, one that will stimulate further discussion.

Appropriately the six paper in this edition also takes entrepreneurial activity as its theme. **The role of female entrepreneurial networks and small business development: a pilot study based on Sri Lankan migrant entrepreneurs of tourism industry in London** by Surangi offers the reader some fascinating glimpses into the lives and aspirations of a diaspora community in the UK. Potential language barriers, cultural and gender reticence have all played a part in ensuring that research of this nature remains thin on the ground. Interestingly the issue of language is not specifically mentioned here although this must have been a factor, either as an inhibitor or in the role it played in the interviews themselves. From the perspective of cultural differences, it would also have been useful to be told whether the interviewees are ethnic Sinhalese, Tamils, Burghers or Sri Lankan Moors.

The pilot study evidently helped to perfect the research framework and clearly has merit in the light of what was elicited. The comments in regards to "limited access to information and business contacts" are to be expected, all the more so as many women from diaspora communities invariably have limited exposure to formal business networks, as well as the sort of social arenas that might broaden social and cultural contacts. Whilst the reliance on immediate family and friends is unlikely to come as a revelation, what might surprise many is the size and nature of the support itself. Here we see the evidence of important familial and community scaffolding that increases the chance of an early stage enterprise of surviving. Trade fairs play a key role in broadening horizons, benchmarking and the development of that all important ingredient to all businesses, confidence. Here we are presented with interviewees who have had supportive spouses and families, yet there must be some who find their initiatives frowned upon or largely unsupported often for the mere fact that they are women. The Internet plays a part and further studies could examine the way in which this tool is harnessed and to what extent diaspora women entrepreneurs are making use of LinkedIn or various Diaspora websites.

An important conclusion that can also be drawn from a study of this nature is in regards to the apparent failure of many mainstream women's business groups and networks to even be aware of such activity, let alone engage with those at the forefront of it. Such research indirectly throws down the gauntlet to those who claim to champion women in business in London, the UK and globally.

Whilst many of us are only just beginning to comprehend how Bitcoins have come into being it seems particularly appropriate that the next paper examines the theory of money. **A historical analysis of the theories of money** by **Durani** and **Qureshi** offers a comprehensive overview to a subject that is all too often neglected. Some branches of economics, and indeed academia for that matter, appear to delight in couching research in obscurantist terms. Rather than helping broaden the appreciation and understanding of a topic, it is hidden in overly complex terminology or buried under layers of theoretic and quasi-theoretic analysis to such a degree lay people are discouraged from wanting to discover more. This paper manages to anchor its analysis with the help of chronology, whilst introducing the reader to influential schools of thought. How refreshing it is to be reminded of Ibn Khaldun's seminal work *Prolegomena (The Muqaddimah)*, a magnificent book that offers insight into a whole range of subjects. The mere mention of such a book is a timely reminder to us all to revisit old quarries so to speak and not to neglect or overlook the wisdom of the ancients or those from former times. A paper of this nature has the potential to embolden others to seek out works from that literary canon that has informed economic and social theory. In so doing it has done us all a service and may well enable readers to use earlier wisdom to gain a better appreciation of current challenges in regards to business and economic development.

The American Federation of Labor has the following motto: *A Fair Day's Work for a Fair Day's Pay*, whilst as a rule most people tend to concentrate on the "Pay" element, what might be instructive if we gave focus to the "Work" component as well as examine the implications of the word "Fair". The power relationship in most employer - employee relationships is such that fairness rarely comes into, whilst governments in some parts of the world might endeavour to set certain boundaries in respects to the minimum wages, health and safety and labour laws, the simple truth is that the playing field is never level and as such there is scope for the unscrupulous to bully, exploit and abuse staff. It is against such a background that we move on to our next paper which comes from India, a paper that is entitled: **A study of impact of Job stressors on Frontline employee role performance towards customers** by **Naik** and **Srinivasan**. We learn that post-liberalisation in the Indian economy these have to some respect been booms

times for the retail sector across the sub-continent. The Indian Retail Sector has been a remarkable success story, certainly in terms of growth and warrants greater interest from outside and a better appreciation of the subtle nuances and features that give it its own distinctive characteristics. With a burgeoning retail sector comes growing pains and the usual retail pressures in regards to competition, branding, price, logistics and of course profit margins. The authors of this research make a telling observation when they note that the employee point of view is often missing when it comes to studies appertaining to staff, especially those in frontline tasks, therein lies the challenge, one that brings us back again to that word "fair", surely if the industry is to have an accurate picture of itself warts and all, it must be desirous in seeking a fair picture. Sadly, the power dynamic is such that not only is fairness distinctly absent in some respects, in its stead there is a considerable amount of fear, fear of castigation, ostracism, revenge, retribution, of unemployment and worse. This has grave implications not least for the inadequate way such issues are addressed at business school or in the realms of business theory and leadership practice. In addition the issue of caste is ever present in many businesses, and whilst many prefer not to delve into such matters, the influence in the human dynamic in a country such as India cannot be overstated.

At the nub of some of the concerns that surface in this paper is that of role ambiguity, a matter thrown into even sharper relief by the demands of the role for frontline staff. Indian retail in common with much of the world tends to have high percentages of women in frontline roles, Naik and Srinivasan tell us this is because they are; "more service orientated", these words mask a number of unsavoury truths that raise legitimate questions about gender attitudes and societal expectations, as well as about the prevailing patriarchy. In truth many women are employed because there is a marked gender pay differential, certain cultural norms demand that they defer to and are subservient to men and because of the likely family responsibilities are deemed more supine in nature and thus accepting of their lot. Given the ambiguous nature of certain job roles, there is a whole debate that could be had about how men and women multitask differently, but I leave that to others. Suffice it to say that whilst not all employers and managers are of an exploitative nature, there would appear to be serious questions here about salary levels, an issue not helped by the fact that HR is still in its formative stages in the Indian Retail landscape. Whilst it is clear that there are some serious concerns here, it would be churlish to deny that good work is taking place. In view of India's status and size there is clearly much we all could learn from it and about it. Equally, it is important that India's retail sector takes a far greater interest in the well-being of its employees, especially women and those from lower castes or from minority communities. The likes of the Retail Association of India (www.rai.net.in) and the Retailer's Association's Skill Council of India (<http://rasci.in>) have an important role to play in helping to bring about a greater degree of understanding in regards to the demands of the work role and an appreciation of the need for far greater fairness.

Climate change may appear to be a rather odd topic for a journal such as this, but in point of fact for those of us who are prepared to acknowledge that global warming exists it is germane to such a publication. In order for a nation to thrive and prosper it requires stability; political or climatic extremes have the potential to cause volatility, sometimes to such a degree that development is blunted and commercial prospects reduced and on occasions halted altogether. The penultimate paper is entitled: **Assessment of knowledge and awareness of global warning among inhabitants of industrial areas of an urban community in Nigeria** by **Adio-Moses** and **Aladejana**. Any research that is anchored in attitudinal research should always bear in mind that in the scheme of things the ordinary citizens have many preoccupations, chief of which is their immediate survival and that of any dependants that they may have. Thus work and income generation are priorities as is having the wherewithal to survive. As people fret

about day to day concerns such as food, accommodation, power cuts, medical bills etc. there is every likelihood that issues such as deforestation, coastal erosion and the vicissitudes of the weather hardly warrant a thought, not because people do not care, but because they often feel powerless. One of the most surprising findings contained within this study is that there is some understanding that global warming as an issue exists. The denizens of Ibadan are evidently far from parochial, they appreciate that Nigeria is not immune to such events.

Across West Africa even the most parochial of souls have noticed that weather cycles have changed in recent years and in some respects have become more extreme. Nigerian academics have been wrestling with the consequences of global warming for some time now, with papers such as: *Climate change and food crop production in Ibadan, Nigeria* (Agbola and Ojeleye, 2007) documenting some of the changes locally. Literacy and poverty levels are key elements in the degrees of understanding, and whilst the vast majority of local residents have no idea of what *El Niño* or *La Niña* are, they do notice signs of adverse health conditions and the impact that the changing weather has on harvests. One of the greatest challenges is the sense of resignation and indifference, some might say that this has echoes of the attitude towards corruption in high office, people realise that it exists, but feel powerless to do anything about it. We are all stakeholders in and trustees of this planet, and unless people are empowered sufficiently to feel that they can affect positive change, then the prognosis for planet earth is grim indeed.

The final paper returns us to one of the cornerstones of accountancy, namely auditing. **The effects of audit value added on audit survival: Evidence from CPAs of Thailand** by **Sudsomboon & Intakun**. This paper has a relevance beyond Thailand as it underscores the importance of codes of conduct, the prevailing business culture and of course remaining alert to the sort of new requirements and mechanisms that were explored in the second paper in this volume. What to some might appear as an arid field of endeavour is in point of fact vitally important. We would do well to appreciate those who follow such a profession. The very fact that the commercial world has become so globalised, complex and immediate makes it all the more important to be able to access effective auditors as well as on occasions those who have the ability to undertake forensic accounting.

One final observation, and that is in regards to paper titles. Whilst it is often abundantly clear that very great care has been taken over the body of the research paper, sometimes some titles appear to lack clarity and precision. Contrary to what some people may think, titles really do matter, and thus I would urge all academics to give rather more thought to this issue. I commend this edition to you and hope that you will find IJBED both stimulating and a catalyst for future discussions.



Mark T Jones

Editor-in-Chief of the *International Journal of Business & Economic Development (IJBED)* and Director of the Centre for Innovative Leadership Navigation (CILN), London, UK

International Journal of Business & Economic Development (IJBED)**Volume 4 Number 1 March 2016**www.ijbed.org**Contents****Editorial**

	Page no.
Articles	
The impact of globalization on economic conditions: empirical evidence from the Mena region Marwa A. Elsherif	1
The new requirements relating to going concern evaluation and disclosure provide a critical improvement to the financial statements taken as a whole Achraf A. Seyam and Sharon Brickman	15
A sluggish U.S. economy is no surprise: Declining the rate of growth of profits and other indicators in the last three quarters of 2015 predicted a slowdown in the US economy in the coming months Bob Namvar	21
Work-family balance dilemma among employed parents (An empirical study) Sally Kamel Ali Omran	31
The role of entrepreneurship in economic development in Saudi Arabia Nadia Yusuf; Nisreen Ismail Albanawi	47
The role of female entrepreneurial networks and small business development: a pilot study based on Sri Lankan migrant entrepreneurs of tourism industry in London H.A.K.N.S.Surangi	56
A historical analysis of the theories of money Farah Durani; Ishtiaq Qureshi	71
A study on impact of Job role stressors on Frontline employee role performance towards the customers Kasturi Naik; Srini R. Srinivasan	85
Assessment of knowledge and awareness of global warming among inhabitants of industrial areas of an urban community in Nigeria Ruth Ochanya Adio-Moses; Aladejana J. A.	99
The effects of audit value added on audit survival: Evidence from CPAs of Thailand Seerungrat Sudsomboon; Phaitoon Intakun	107

The impact of globalization on economic conditions: empirical evidence from the Mena region

Marwa A. Elsherif

Helwan University, Cairo, Egypt

Department of Economics, Faculty of Commerce and Business Administration

Keywords:

Globalization, MENA, Economic Performance, Political Instability

Abstract:

The Middle East and North Africa (MENA) is an economically diverse region that includes countries with a common heritage, at various stages of economic development, with vastly different endowment of natural resources and accounts for 6% of the world total population. Despite undertaking economic reforms in many countries, and having considerable success in achieving macroeconomic stability, the region's economic performance in the past 30 years has been below its potential. Some countries that pursued reforms, such as Egypt, Jordan, Morocco, and Tunisia, enjoyed the region's most rapid growth rates, but due to the political instability and turbulences they are still lagged behind. The purpose of this study is to empirically investigate the impact of globalization in MENA region on the economic performances. This study uses a panel data covers the period 2001–2014 for Gulf Cooperation Council (GCC) and non- Gulf Cooperation Council (non-GCC) MENA countries and employs Generalized Method of Moments (GMM) approach. Results indicate that Globalization is negatively affecting economic conditions in non-GCC and it has no significant effect on non-GCC. This study suggests better policy coordination at all level of government to integrate social, economic and political policies as well all to improve transparency and democratic participation. The paper is outlined as follows- following the introduction, section two reviews the current economic conditions in MENA countries, section three discusses data and methodology, section four presents' results and interpretation of findings, section five provides conclusions and recommendations.

1. Introduction

Globalization is one of the most provocative focuses of the early twenty-first century. Technological advances in communication and transportation, along with free-market ideology, increase in trade and cultural exchanges, have increasingly greater influence on worldwide economic, social and cultural processes over national, regional and international arenas - Globalization is the process by which the world is becoming increasingly interconnected.

Rosenau, says: "Globalization is a label that is presently in vogue to account for peoples, activities, norms, ideas, goods, services, and currencies that are decreasingly confined to a particular geographic space and its local and established practices" (Rosenau, 1997).

Globalization constitutes a merging power capable of bringing together and unifying the different cultural values and world economic systems. Its scope reaches across any known cultural, social, economic and political boundaries, combining the unique ways of thinking and customs of different ethnicities and world cultures. "It is the interaction of extraordinary technological innovation combined with world-wide reach that gives today's change its particular complexion" (Hutton and Giddens, 2001).

Castells (1996) has argued that in the last twenty years, the term "new economy" emerged and widespread around the world as a result of the transition from a manufacturing-based economy to a service-based economy. He characterizes it (2001) by three essential features: Productivity and competitiveness are a function of knowledge generation and

information processing; firms and territories are organized in networks of production, management and distribution; and the core economic activities are global – that is, they have the capacity to work as a unit in real time, on a planetary scale. But sophisticated information systems are essential in such globalization (Castells 2001).

One of the major causalities of the process of globalization has been a fall in the influence of national governments to direct and control their economies. In addition, the internationalization of financial markets, technology and the emergence of institutions such as the World Bank, the International Monetary Fund, the European Union and the European Central Bank, involve new constraints for national government power. Yet while the influence of nation states may have shrunk as part of the process of globalization, it has not disappeared. Gee, et al (1996) examine the way in which national governments frame their decisions about policies. There is strong argument that the impact of globalization is most felt through the extent to which politics are now essentially market-driven. Leys (2001) argues, to survive government must gradually manage national politics in a ways to adopt to the pressures of trans-national market forces.

Most technologically advanced economies are truly knowledge-based (World Bank, 1999). The rise of the so-called "knowledge economy" has meant that economists have been challenged to look beyond labor and capital as the central factors of production. Romer has argued that technology has to be considered as a third factor in leading economies (Romer, 1990). However, there are powerful counter-forces and debates against the idea of globalization. Recently, such controversies have filled journals, these debates raging from whether the term globalization actually exists (Unger, 1997), whether it is further effective compared to former times (Bordo, et al, 1999), whether it is replacing the country power (Strange, 1996; Wade, 1996), or whether it is more crucial than regionalism (Fishlow and Haggard, 1992; Oman, 1994).

Following Clark (2000), Norris (2000) and Keohane and Nye (2000), globalization defined to be the process of creating networks of connections among actors at multi-continental distances, mediated through a variety of flows including people, information and ideas, capital and goods. Globalization is conceptualized as a process that rusts national boundaries, integrates national economies, cultures, technologies and governance and produces complex relations of mutual interdependence. There are also significant doubts as to whether modern economies are, "knowledge economies". It does not follow, for example, that only those nations committed to lifelong learning and to creating a learning society will succeed (Wolf, 2002).

The main objective of this study is to analyze the impact of globalization over the past several years, particularly in terms of its impacts on the MENA region, to what extent has globalization constrained decision making in MENA countries, and how has it affected the potential for growth, equity and economic conditions.

2. Economic Conditions in the MENA Region

MENA, The Middle East and North Africa, has no standardized definition; different organizations define the region as consisting of different territories, the World Bank definition of MENA is used in this study to include the following countries: Algeria, Bahrain, Egypt, the Islamic Republic of Iran, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, the United Arab Emirates, West Bank and Gaza, and the Republic of Yemen. In this study Syria and West Bank and Gaza are not included in any regional trends or forecasts due to lack of data availability (although references to individual indicators may occur where data availability permits). MENA as a collective group, geographic and cultural region is located in Southwestern Asia and North Africa. With a population of 355 million and the vast

majority of people living in middle-income countries, the MENA region came into the Arab Spring with multiple strengths, including a young and educated population, strong resource base, and economic resilience that helped it during the 2008/9 global financial crisis (World Bank, 2011). As other developing countries, MENA region targeted to repair the damage to their economies after 2008 financial crisis and to re-launch themselves on a sustained high-growth path, ideas and approaches (Spence and Leipziger, 2010). Many other important problems encountered in this crisis proved to require global coordination (Yifu Lin, 2008).

The MENA economies are in need of substantial institutional reform to improve their growth performance so as to create enough jobs for millions of entrants into their respective job markets, and to fight poverty and income inequality. This is necessary not only to reduce the risk of social unrest and domestic/regional conflicts, but also to assure stability of energy supply to the rest of the world and to hamper the violence originating from the region. So, the region's convergence to global standards of governance quality is desirable for increased prosperity and stability both in the region and outside (Sayan, 2009).

According to the World Bank development reports, various editions, the following facts are extracted; With respect to the political situation, MENA is in turmoil. Syria, Iraq, Libya and Yemen are in conflict, causing damage to human lives and physical infrastructure. Fifteen million people have left their homes to other countries such as Jordan, Lebanon and Tunisia, giving rise to the biggest refugee crisis since World War II. The current turmoil in Yemen has set that country's development back several decades. Violence has made Gaza's unemployment rate the highest in the world and with Gross Domestic Product at only 40% of its potential. Countries undergoing political transitions, such as Egypt, Tunisia, Morocco and Jordan, have to address security concerns over growth-promoting policies. The relatively peaceful oil exporters, such as Algeria, Iran and the Gulf countries, are grappling with low oil prices alongside chronic youth unemployment and undiversified economies. On a positive note, the political consensus around the constitution in Tunisia, and constitutions and legislation in Morocco, Jordan and Egypt that give greater rights to women and protect freedom of expression and information, indicate that citizens are increasingly engaging in policymaking (World Bank, 2014).

While solidarity with other Arab Spring protest movements certainly served as inspiration for Bahrain's own uprising in 2011, Bahrain's political scene has long been characterized by robust opposition to government policy, sectarian tensions have featured in the country's periodic political crises, and this issue is at the heart of the political crisis of the last three years. Bahrain witnessed factional conflicts (Sunni vs. Shia) that have escaped beyond the Arab Gulf to consume a greater part of the Middle East and North Africa (Gengler, 2015).

Growth in MENA is about 2.9% in 2015, slightly higher than last year's 2.6%, but considerably below the 4-5% growth the region enjoyed from 2000-2010. The main reasons for the continued, weak growth are: prolonged conflict and political instability in Syria, Iraq, Libya and Yemen; terrorist incidents in places like Tunisia that hurt tourism; low oil prices that are dragging down growth in oil exporters; and the slow pace of reforms that is standing in the way of a resumption of investment. The continuation of weak growth hurt the overall unemployment rate, now standing at 12%, and household earnings in the region. The group of oil exporters grew by around 2.7% in 2015 with growth stagnating in developing oil exporters, at 1.4%. Fiscal deficits continue to rise, leaving the region with a deficit of 8.8% of GDP in 2015, higher than the year before (World Bank, 2015).

The opportunity for political reform in the MENA region is unprecedented. However, structural political change cannot be dissociated from further economic reforms. The interdependent structural challenges faced by many countries—such as high unemployment,

low female labor force participation rates, low levels of private sector development, weak public and corporate governance, bloated public sectors, limited competition and pervasive corruption will need to be addressed (OECD, 2011).

Two terrorist attacks in 2015 and protracted economic stagnation in the Euro zone mean Tunisia's real GDP growth is projected to drop to 0.8% from 2.3% in 2016. The Palestinian economy is recovering from recession following the 2014 summer war in Gaza with overall growth of 3 percent in 2015. Only Egypt and Morocco may have been experiencing stronger economic growth in the coming years, although the tide is against them. With security reinforced and reforms underway, Egypt's economic growth could hover at about 4% in 2015 and 2016. Much of Morocco's economy is based on agriculture, with economic growth depending on the weather (World Bank, 2015).

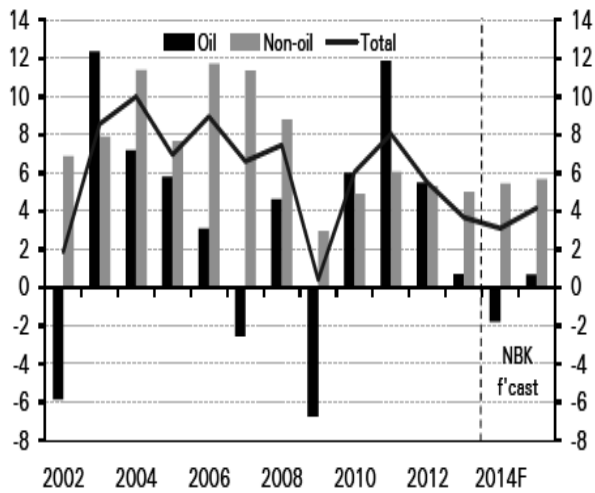
The Fragile States Index analysis (an annual ranking of 178 nations based on their levels of stability and the pressures they face) was following the aftermath of the Arab Spring, Iraq, Libya, Syria and Yemen – among the 2015 Index's most high risk nations – have witnessed some of the most significant declines over the past year. Yemen saw over a 3-point increase primarily as a result of the political and social unrest. Though much has occurred in Yemen during 2015 to suggest that its score will worsen even more in the 2016 Index, it was evident that the country's fortunes were already getting worse over the past year. More broadly, this unrest became the catalyst for the burgeoning conflict for the remainder of the year. Syria saw a decline from 164th on the 2014 Index to 170th in 2015, as it saw worsening conditions in virtually all of its indicators. The situation in Iraq mirrors that of neighboring Syria, as many of Syria's conditions affect Iraq's economic, political, and social conditions. Libya could join Iraq, Syria, and Yemen with a high alert rating. Unfortunately, though there was great hope for an Arab Spring, the region could well be in for a long winter (The Fragile States Index, 2015).

In summary, since the 2011 Arab Spring, the MENA region has seen a slowdown in economic growth, an escalation of violence and civil war and, more recently, substantial macroeconomic imbalances from lower oil prices.

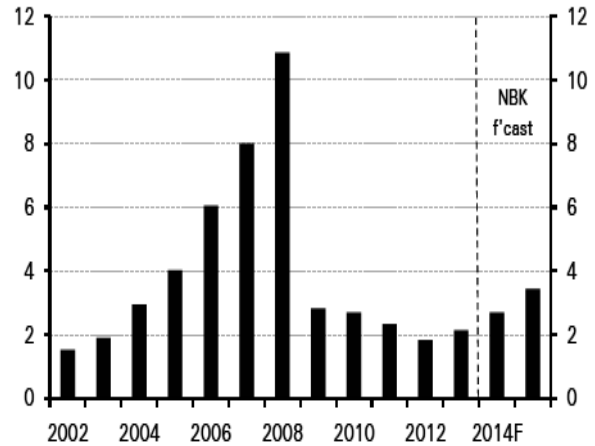
3. Data and Methodology

3.1. Data

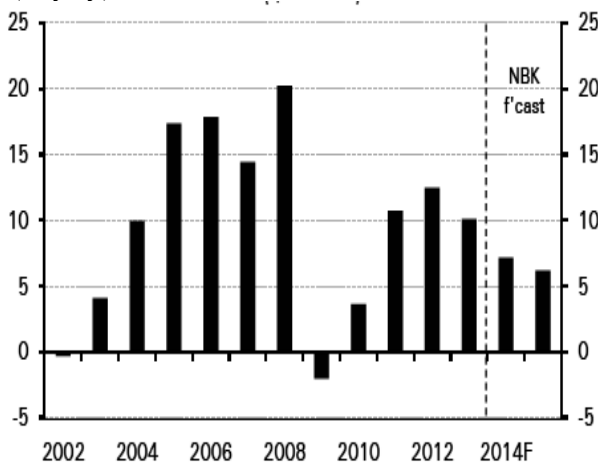
In order to analyze the impact of globalization on the economic conditions, this study splits MENA region into two group of countries GCC and non-GCC MENA as each group has different economic structures, and therefore, different economic performance. GCC MENA member countries of the Cooperation Council of the Arab States of the Gulf formed the early 1980s. GCC countries are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. These countries are estimated in a separate group as they have witnessed an unprecedented economic and social accelerating reformation. GCC countries have high contributions to GDP from the oil sector. In past decades, oil proceeds have been used to modernize infrastructure, create job opportunities and improve their economic and social indicators. GCC countries have been able to accumulate official reserves and relatively low external debt, maintain unique geopolitical significance throughout history and situated at the junction point of three continents; the region has been for centuries a thriving center of trade. Some facts about the economic performance of GCC are shown in figure 1 below.



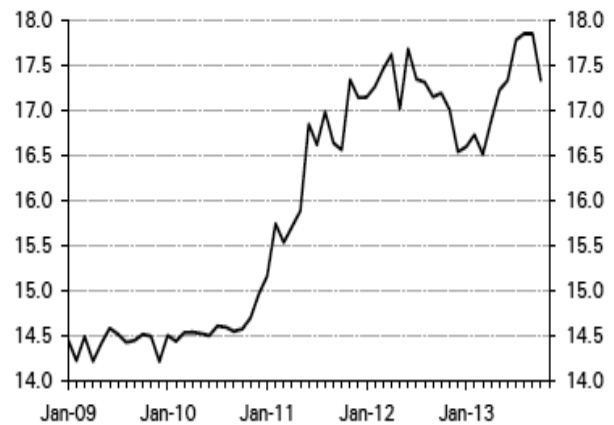
1.a GCC real GDP (% y/y)



1.b GCC consumer price inflation (% y/y, year average)



1.c GCC budget balance (% GDP)

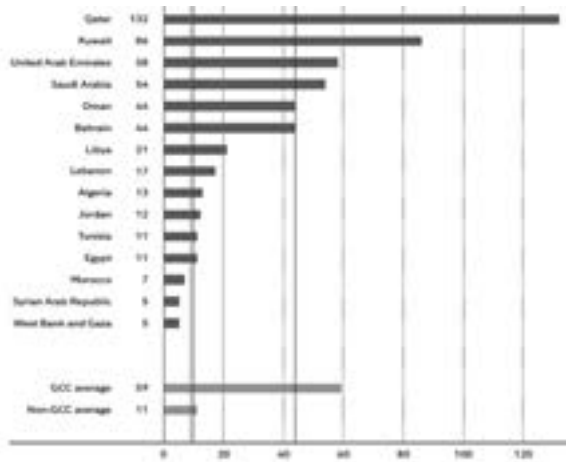


1.d GCC crude oil output (mn barrels per day)

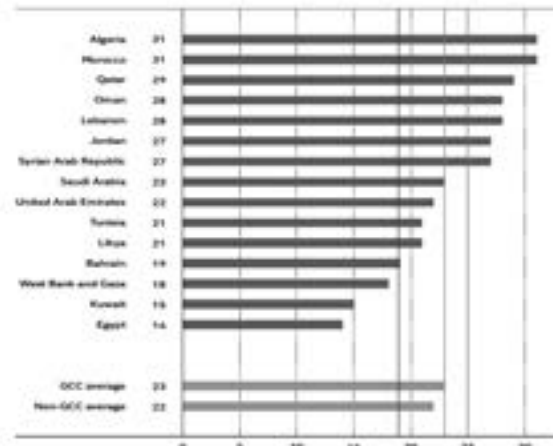
Figure 1: GCC, Some Economic Facts 2002-2014

Source: NBK Economic Research, MENA Economic Outlook January 2014

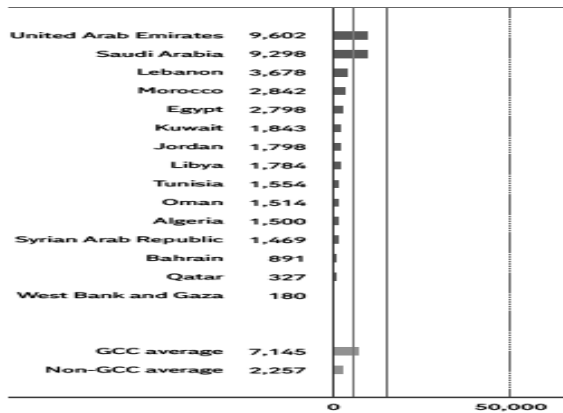
Currently, the GCC countries and Algeria are suffering from low oil prices and high fiscal spending. As a whole, GCC economies are expected to grow at lower rates at the following years, down from 3.9% earlier, as low oil prices have severely hit these economies. A further drop in oil prices, coupled with high fiscal spending, could mean worse to come. With a fiscal deficit of about 19.5% and 12.6% of GDP in 2015 and 2016 projected for Saudi Arabia, a reduction in foreign reserves of more than US\$60 billion this year and another US\$80 billion is expected in 2016. Although some countries, particularly Saudi Arabia, Kuwait and UAE, have started rethinking their huge spending on subsidies, the macroeconomic imbalances will likely spillover to 2016 and the following year (World Bank, 2015).



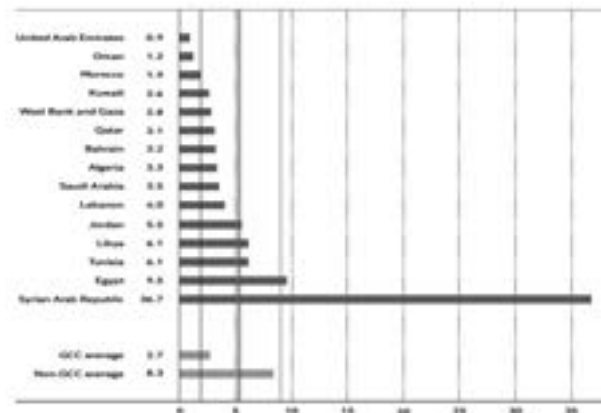
2.a GDP per Capita, PPP
(Current International \$ thousands)



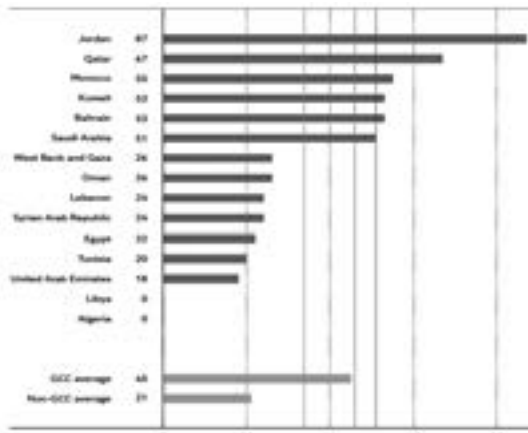
2.b Gross Fixed Capital Formation
(% of GDP)



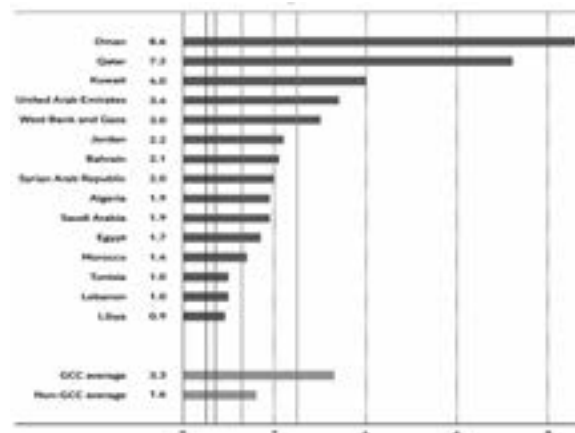
2.c Foreign Direct Investment, Net Inflows
(BoP Current US\$, millions)



2.d Inflation, Consumer Prices
(Annual %)



2.e Market Capitalization of Listed Companies (% of GDP)



2.f Population growth
(Average Annual % Growth in 2011-2013)

Figure 2: GCC and non-GCC Macroeconomic Indicators 2014
Source: International Monetary Fund's World Economic Outlook 2014

The World Bank's World Development Indicators 2014

Non-GCC, Non- Gulf Cooperation Council MENA countries, this group of countries is experiencing fast population growth. However, unemployment levels in the region are relatively high, driven mostly by high youth unemployment and low female labor force participation. Non-GCC includes Algeria, Egypt, Iran, Iraq, Jordan, Lebanon, Syria, Yemen, Libya, Tunisia, Morocco and West Bank and Gaza. Because of unavailability of data about Syria and West bank and Gaza, they are excluded from this study. There are large differences existing in the performance of GCC and Non-GCC countries as compared in figures 2 above. MENA countries may have higher GDP growth than High-income countries, but lower GDP per capita levels. On average, governments of GCC MENA countries run lower fiscal deficits and have less debt than non-GCC. Population is expanding fast in the MENA region. Female labor participation is one of the main challenges.

3.2. Methodology

This study uses a panel data model to estimate the impact of globalization on economic conditions in the MENA region. The panel covers the period 2001–2014. Annual data were collected for two groups; GCC and non-GCC MENA region, the model can be illustrated by the following equation:

$$GDP_{it} = \alpha GDP_{it-1} + \beta_1 KOF_{it} + \beta_2 FI_{it} + \beta_3 CVS_{it} + \mu_i + v_{it}$$

Symbols	Descriptions	Sources
GDP (Dependent Variable)	GDP per capita, PPP (current international \$)	World Bank Database
KOF	Economic Globalization Index	KOF Swiss Economic Institute Database
FI	Overall Freedom Index	Heritage Foundation Database
CVS:	Vector of Control Variable Set:	
GCE	General Government Final Consumption Expenditure (current US\$)	World Bank Database
SSE	Secondary School Enrollment Education, pupils	United Nations Educational, Scientific, and Cultural Organization (UNESCO)
FDI	Foreign Direct Investment, net inflows (% of GDP)	International Monetary Fund Database
MC	Market Capitalization of Listed Domestic Companies (current US\$)	World Federation of Exchanges Database
CPI	Consumer Price Index (Annual %)	World Bank Database
I	Country Index	
T	Time Index	
α and β	Parameters to be estimated	
μ_i	Country-Specific Effect Term	
v_{it}	Error Term	

Table 1: Descriptions and Sources of Data

3.2.1 Description of the Model

GDP (Gross Domestic Product) per capita, PPP is used as an indicator of the economic conditions of the countries under study. Lagged value of the dependant variable GDP per capita is used as one of the regressors.

The KOF Index of Globalization was introduced in 2002 (Dreher, published in 2006) and is updated and described in detail in Dreher, Gaston and Martens (2008). The overall index covers the economic, social and political dimensions of globalization. Deher examined the impact of globalization on growth in an unbalanced dynamic panel of 123 countries between 1970 and 2000. The overall result showed that globalization promotes economic growth. The economic and social dimensions have positive impact on growth whereas political dimension has no effect on growth. The current KOF Index of Globalization reflects the economic, social and political dimensions of globalization in 2011 – a year dominated by the Arab Spring. According to the index, globalization has stalled since the outbreak of the financial crisis in 2008. As shown in figure 3, the degree of globalization has then raised slightly afterwards. In all regions, globalization stagnated in 2011 (KOF Swiss Economic Institute, 2014).

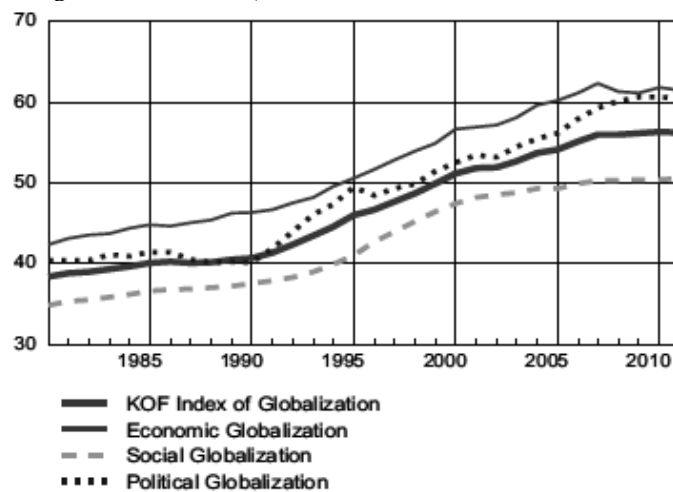


Figure 3: KOF Index of Globalization Worldwide

Source: KOF Swiss Economic Institute, Press Release KOF Index of Globalization, April 2014.

Dreher results are approved by Rao and Vadlamannati (2011), using KOF and examine its impact on growth rate of 21 African countries during 1970–2005. The positive effect of globalization on economic growth is also confirmed by the extreme bounds analysis. The result indicated that the positive effect of globalization on growth is larger than the effect of investment on growth.

The political effect of globalization is analyzed by examining it through perspectives of liberal democracy that is built on ideas of spreading and imposing principles of capitalism and neo-liberalism around developing world (Scholte, 2005). It is vital to investigate whether the implementation of globalization principles, that include adoption of the liberal democracy by MENA countries, leads to improvement of economic conditions, which is claimed to be the case according Huntington (2009). Both Democracy Index as well as Freedom Index can be used to find a correlation between degrees of democratic regimes and development by the impact of globalization, because, according to some definitions globalization is identical to democratization process (Scholte, 2005) or often associated with it (Shin, 1994; Diamond, 1992). Since The Economist Intelligence Unit first introduced Democracy Index at 2006 and this study span of time is from 2001 to 2014 so Freedom index is employed.

Pre-2011 MENA region has witnessed its overall score deteriorate, as the political climate gradually regresses. With 15 of the 20 countries in the region categorized as authoritarian, and none rated as a full democracy. Several countries have long had autocratic polities, such as Saudi Arabia and the UAE, and consequently, their scores have remained largely stable, while the scores and rankings of others, including notably Syria and Libya, have worsened markedly in the wake of chronic instability and rising violence. Libya fell 18 places down the Democracy Index rankings between 2013 and 2014, from 101 to 119, while Syria's already extremely sloped down from 1.86 to 1.4 in 2014, pushing it down to 163rd place out of 167 countries. The most dramatic example of the regression to authoritarianism has been in Egypt, which has fallen to 138th in this year's rankings from 135th in 2013, and 109th in 2012 (The Economist Intelligence Unit, 2014).

Control Variables Set is other variables that affect economic conditions, it consists of; Government Consumption Expenditure, Secondary School Enrolment as a proxy for human capital, Inflation measured by Consumer Price Index, net inflow of Foreign Direct Investment and Market Capitalization of listed domestic companies as a proxy of financial sector development, details about control variables, how they are measured and sources are explained in table 1 above.

In this model, both GDP_{it} and GDP_{it-1} are functions of μ_i - the unobserved country specific effect-, therefore, GDP_{it-1} is correlated with the error term which violates the assumptions of the classical regression model. This is known as an endogenous variable. Baltaji (1995) stated that in the existence of endogenous and dynamic regressors fixed effect estimators and Generalized Least Square estimators do not result in consistent estimates, and leads to misleading results. Arellano and Bond (1991) suggested a GMM (Generalized Method Moments) estimator as an instrumental variable estimator where the lags of endogenous regressors and the current values of exogenous variables are used as instruments. This process starts with making difference of variables and therefore it is called Difference Generalized Method of Moments (Difference GMM).

3.2.2 Preliminary Tests

Two preliminary tests to detect both heteroscedasticity between disturbance term and the autocorrelation have to be conducted.

a. Heteroscedasticity Test:

Firstly, by applying the Likelihood-Ratio (LR) test that was presented at 2003 by Wiggins and Poi for heteroscedasticity detection on both GCC and non-GCC, it is found that in GCC countries the degree of freedom is (70) and the p-value is (0.000), while in non-GCC results show that the degree of freedom is (103) and the p-value is (0.000). According to the LR test, the probability in both GCC and non-GCC MENA countries is less than 5%, then the null hypothesis is rejected, indicating that data subject to test is heteroscedastic.

b. Autocorrelation Test

Hence lagged values of GDP are used as one of the regressors in this model so DW (Durbin Watson) statistics to check serial correlation will not be valid. Wooldrige (2002) presented diagnostic test for autocorrelation in panel data in which the disturbance term follows first order autoregressive (AR (1)) process. By applying this model twice on CCG and non-GCC MENA, results show that the null hypothesis of non-existence of first order autocorrelation between the disturbance terms of the regression model is rejected. As the degrees of freedom are (1, 73) and (1, 112) and p-values are (0.000) and (0.000) for GCC and non-GCC countries respectively. So that, data subject to test has the first order autocorrelation.

3.2.3 Estimation of GMM

To investigate the effect of globalization on economic conditions and performance of the six GCC countries, Difference GMM (AB-1step) is used, employing lagged values of the variables as instrument variables. Results are shown in table 2 below,

Variable	Coefficient	t-Statistic	Prob.
GDP(-1)	1.038986	36.36704	0.0000
KOF	-216.6693	-2.465223	0.0162
FI	393.4151	2.335510	0.0225
GCE	-4.17E-07	-8.426975	0.0000
CPI	-60.09197	-0.423369	0.6734
MC	0.005506	2.114967	0.0380
SSE	0.825821	2.546150	0.0131
FDI	343.5820	1.658874	0.1017
Sargan Test.		0.49	
First order serial correlation (p-value)		0.000	
Second order serial correlation (p-value)		0.135	

Notes: Dependent variable: GDP per capita (ppp)

Source: Author Estimation (statistical work is performed using Eviews 8)

Table 2: GCC Results of the Difference 1-step GMM

While repeating the same test for the ten non-GCC MENA countries, obtained the following results presented in table 3.

Variable	Coefficient	t-Statistic	Prob.
GDP(-1)	0.754309	15.58751	0.0000
KOF	-69.15512	-1.473802	0.1436
FI	-12.59934	-0.482112	0.6308
GCE	-3.46E-05	-0.270341	0.7875
CPI	-59.44081	-2.048649	0.0431
MC	2.91E-09	0.398295	0.6913
SSE	1.04E-07	3.538465	0.0006
FDI	119.8512	1.712646	0.0898
Sargan Test		0.52	
First order serial correlation (p-value)		0.000	
Second order serial correlation (p-value)		0.251	

Notes: Dependent variable: GDP per capita (ppp)

Source: Author Estimation (statistical work is performed using Eviews 8)

Table 3: Non- GCC Results of the Difference 1-step GMM

4. Results

In both groups of countries, it is surprisingly to find the coefficient of KOF that measures the effect of the economic globalization on growth is negative. Statistically significant in GCC and insignificant in non-GCC, indicating that economic globalization affects economic growth and hence the overall economic conditions in an opposite way. In GCC, oil, religion and cultural norms might be singled out as factors against globalization. In non-GCC, globalization does not have strong effect on growth. This result could be attributed to the existing wide disparities between the developed and the developing economies such as the majority of MENA countries,

makes globalization an instrument by which developed nations guarantee to have an access to world markets and so forth, retarding the growth and development of developing countries.

This result contests with earlier studies, amongst; studies by Lee and Vivarelli (2004 and 2006), arguing that the optimistic Heckscher- Ohlin/Stolper-Samuelson predictions do not apply, that is neither employment creation nor the decrease in within-country inequality are automatically assured by globalization, leading to more poverty and enlarging income inequality. It is reported that doubts can be raised at both the theoretical and empirical levels regarding the globalization for the developing countries. The theory that predicts growth from greater openness to trade is based on strong simplifying assumptions that ignore the realities of competitive advantage and rapid exposure to market forces in world of falling 'natural protection (Lall, 2002). Feenstra-Hanson's (1996 and 1997) model points out that what is unskill-intensive in a developed country may be skill-intensive in terms of the labor market of the recipient developing countries; accordingly, shifting production from developed towards developing countries (both through FDI and import/export trade relationships). Also, Stolper-Samuelson (SS) theorem predicts that both trade and FDI should take advantage of the abundance of low-skilled labor in developing countries and so imply an increasing demand for domestic low skilled labor and hence decreasing within-country wage dispersion and income inequality (see Stolper and Samuelson, 1941). Even accepting the expected benefits of globalization, its potential costs may have been underestimated until recently. The full extent of some of these risks is probably not yet fully understood (e.g., risks due to capital account liberalization, or an unprecedented integration between the local, regional and international assets, equity and currency markets) (Hakimian, 2000).

The coefficients of variables tested show diverse results, for GCC MENA, investment in human capital, political stability and financial sector development promote economic conditions while inflation and government consumption do not. FDI is insignificant this might be attributed to the fact that most of the GCC countries depend mainly on oil exports to support development.

For non-GCC coefficient of political stability and democracy measured by freedom index shows a negative sign, this is due to turmoil, revolutions and turbulences in the region, moving its conditions from Arab spring into Arab winter. Increasing education level is positive and significant to economic growth, while inflation is negative and significant, financial market development has insignificant effect, as financial markets in some non-GCC are inactive.

The results of Sargan test accept the null hypothesis that supports the validity of the instruments used in GMM.

5. Conclusion

This study empirically estimates the impact of globalization on economic conditions in the MENA region, using GMM approach for the period 2001-2014. Results indicate that globalization has insignificant negative impact on GDP per capita and economic well being of non-GCC MENA countries while negative and significant in GCC. Evidence obtained in this study shows that political unrest in non-GCC hindered growth levels; education has significant effect while inflation has negative impact on economic conditions. Unfortunately, many of MENA countries have not been able to benefit as much as other countries from the growth induced by openness to trade and investment. Globalization and market openness were therefore not sufficient to enhance economic conditions, sound macroeconomic policies, as well as political stability are also required combined with strong regulatory framework, national and international policy formations and responses will define the way in which each individual

country interact with the global economy. This study recommends that; MENA should encourage trade activities, make a wider use of the markets in an effective manner, this is likely to involve trade permits and subsidies, as well as to modify tax regimes to confirm improving and attracting foreign direct investment. Better policy coordination at all level of government to integrate social, economic and political policies as well all to improve transparency and democratic participation. Education development, investment in human capital and technology progress are major forces underlying rising productivity and living standards. Finally, manage links to global economy and foster financial markets liberalization would directly improve economic conditions.

References:

- Arellano, M. and Bond, S., 1991. Some tests of specification for panel data: Monte Carlo evidence and an application to employment equations. *The Review of Economic Studies*, 58: 277-297.
- Baltagi, B., 1995. *The Econometric Analysis of Panel Data*. Wiley, New York, NY.
- Bordo, D., Eichengreen, B., and Irwin, D., 1999. Is Globalization Today Really Different than Globalization a Hundred Years Ago? *NBER, Working Paper 7195*.
- Castells, M., 1996. *The Rise of the Networked Society*. Oxford: Blackwell.
- Castells, M., 2001. Information technology and global capitalism, in: Hutton, W., and Giddens, A. (eds.), *On The Edge. Living with global capitalism*, London: Vintage.
- Clark, C., 2000. Environmental Globalization, in: Nye, J., and Donahue, J., (eds.), *Governance in a Globalizing World*. Brookings Institution Press, Washington, D.C.: 86-108.
- Diamond, L., 1992. *The Democratic Revolution; Struggles for Freedom and Pluralism in the Developing World*. Boston Freedom House.
- Dreher, A., 2006. Does Globalization Affect Growth? Evidence from a new Index of Globalization. *Applied Economics*, 38, 10: 1091-1110.
- Dreher, A., Gaston, N., and Martens, P., 2008. *Measuring Globalization - Gauging its Consequence*. New York: Springer.
- Feenstra, C., and Hanson, H., 1997. Foreign Direct Investment and Relative Wages: Evidence from Mexico's Maquiladoras. *Journal of International Economics*, vol. 42, pp. 371-93.
- Fishlow, A., and Haggard, S., 1992. The United States and the Regionalization of the World Economy. *OECD Development Centre*, Paris.
- Gee, P., Hull, L. and Lankshear, C., 1996. The New Work Order, behind the language of the new capitalism. *St. Leonards, Aus.: Allen and Unwin*.
- Gengler, J., 2015. Group Conflict and Political Mobilization in Bahrain and the Arab Gulf: Rethinking the Rentier State. *Bloomington: Indiana University Press*, p. 96
- Hakimian, H., 2000. Economics from East to West Asia: Lessons of Globalization, Crisis and Economic Reform. *School of Oriental and African Studies, SOAS Working Paper No. 82*.
- Heritage foundation, 2015. The Index of Economic Freedom, *Wall Street Journal*.
<http://www.heritage.org/index/>
- Huntington, S., 2009. How countries Democratize? *Political Science Quarterly*, 124:1, 31-69.
- Hutton, W., and Giddens, A. (eds.), 2001. *On The Edge, Living with global capitalism*. London: Vintage.
- IMF, 2014. *International Monetary Fund's World Economic Outlook 2014*.
- Keohane, O., and Nye, J., 2000. Introduction, in: Nye, J., and Donahue, J., (eds.), *Governance in a Globalizing World*. Brookings Institution Press, Washington, D.C.: 1-44.
- KOF Swiss Economic Institute, 2014. KOF Index of Globalization 2014, Press Release.
<http://globalization.kof.ethz.ch/>

- Lall, S., 2002. The Employment Impact of Globalization in Developing Countries. *QEH Working Paper Series, QEHWPS93*, Working Paper No. 93.
- Lee, E., and Vivarelli, M. (eds.), 2004. Understanding Globalization, Employment and Poverty Reduction, *Palgrave Macmillan*, New York.
- Lee, E., and Vivarelli, M., 2006. The Social Impact of Globalization in the Developing. *Institute for the Study of Labor Countries*, Discussion Paper Theory, IZA DP No. 1925.
- Leys, C., 2001. Market-Driven Politics. Neoliberal democracy and the public interest. *London: Verso Books*.
- Norris, P., 2000. Global Governance and Cosmopolitan Citizens, in: Nye, J., and Donahue, J., (eds.), *Governance in a Globalizing World. Brookings Institution Press*, Washington, D.C.: 155-177.
- OECD (Organization for Economic Cooperation and Development), 2011. MENA Initiative on Governance and Investment for Development. www.oecd.org/mena/investment.
- Oman, C., 1994. Globalization and Regionalization: The Challenge for Developing Countries. *OECD Development Centre*, Paris.
- Rao, B., Vadlamannati, K., 2011. Globalization and growth in the low income African countries with the extreme bounds analysis. *Economic Modelling*, 28: 795-805.
- Romer, M., 1990. Endogenous Technological Change. *Journal of Political Economy* 98(5), pp. 71-102.
- Rosenau, N., 1997. The Complexities and Contradictions of Globalization. *Current History*, Vol. 96, No. 613.
- Sayan, S., 2009. Economic Performance in the Middle East and North Africa Institutions, Corruption and Reform. *Routledge*, 8 B/W Illus.
- Scholte, J., 2005. Globalization: a critical introduction. *Palgrave Macmillan*, Second Edition.
- Shin, C., 1994. On the Third Wave of Democratization: A Synthesis and Evaluation of Recent Theory and Research. *World Politics*, 47:135-70.
- Spence, M. and Leipziger, D., 2010. Globalization and Growth - Implications for a Post-Crisis World: Commission on Growth and Development. Commission on Growth and Development. *World Bank Group. World Bank*.
<https://openknowledge.worldbank.org/handle/10986/2440> License: CC BY 3.0 IGO.
- Stolper, W., and Samuelson, A., 1941. Protection and Real Wages. *Review of Economic Studies*, vol. 9, pp.58-73.
- Strange, S., 1996. The Retreat of the State: The Diffusion of Power in the World Economy. *Cambridge University Press*, New York.
- The Economist Intelligence Unit, 2014. Democracy Index 2014: Democracy and its discontents, Intelligence Unit Report.
- The Fragile States Index, 2015. *The Fund for peace (FFP)*, Washington.
- Unger, R., 1997. Globalization as an Instrument of Exploitation, paper presented at a conference on Globalization, University of São Paulo, Brazil.
- Wade, R., 1996. Globalization and its Limits: Reports of the Death of the National Economy Are Greatly Exaggerated, in: Berger, S., and Dore, R. (eds.), *National Diversity and Global Capitalism. Cornell University Press*, Ithaca, New York.
- Wiggins, V., and Poi, B., 2003. Testing for panel-level heteroskedasticity and autocorrelation. *StataCorp FAQs*. (Revised on April, 3, 2008).
- Wolf, A., 2002. Does Education Matter? Myths about education and economic growth, *London: Penguin*.

-
- Wooldridge, J., 2002. *Econometric analysis of cross section and panel data*. *The MIT press*.
- World Bank, 1999. *World Development Report 1998/99: Knowledge for Development*. Washington: World Bank.
- <http://www.worldbank.org/wdr/wdr98/contents.htm>.
- World Bank, 2011. *Towards a New Partnership for Inclusive Growth in the MENA Region*. Washington DC: *World Bank Group*.
- World Bank, 2015. *The Economic Outlook for the Middle East and North Africa*. Washington: World Bank.
- World Bank, *World Development Report and Country Report* (various editions). Washington: World Bank.
- Yifu Lin, J., 2008. *The Impact of the Financial Crisis on Developing Countries*. *Korea Development Institute, Seoul*.
-

The new requirements relating to going concern evaluation and disclosure provide a critical improvement to the financial statements taken as a whole

Achraf A. Seyam

Sharon Brickman

Borough of Manhattan Community College, New York, USA

Keywords

Going concern, substantial doubt, continuing business, operating loss, defaulting on loans, legal proceeds, interim assessments, cessation of business.

Abstract

The going concern principle assumes that an entity will continue to exist into the future. This assumption implies that the entity will not be compelled to end their operations, liquidate their assets, or go into bankruptcy. It is an integral assumption in financial statements since it allows for the deferral of recognition of certain expenses until a period of time into the future, when the company is still assumed to exist. Members of management, as well as financial statement auditors, are required to identify signs that could indicate that an entity will not be able to continue their operations into the near future. Some of these signs include a trend of operating losses, loan defaults, legal proceedings against the entity and so forth. The Financial Accounting Standards Board (FASB) updated the going concern guidelines so that issuers of financial statements are uniform in frequency and substance of going concern determination. Prior to the Accounting Standards Update, U.S. GAAP lacked sufficient guidance about management's responsibility to evaluate whether there is substantial doubt of the entity's ability to continue as going concern. In order to clarify the uncertainty, FASB issued a new financial reporting standard. This new reporting will be in effect for the annual period ending after December 15, 2016. The updated standard will require management to perform annual and interim assessments of an entity's ability to continue as a going concern for one year from the date of financial statements issuance.

Introduction

The going concern principle is a fundamental financial statement assumption that assumes an entity will remain in business for the foreseeable future. Remaining in business means that the entity will not be compelled to end their operations, liquidate their assets, or go into bankruptcy. The going concern principle plays a major role in the accounting standards that allow for the deferral of recognition of expenses and revenue. Since the business is assumed to continue to exist into the future, delayed recognition may be appropriate under certain circumstances. If the business shows signs that it is not in the position to be assumed to continue to exist into the near future, this is known as going concern risk. Some of these signs may include a trend of operating losses, defaulting on loans, legal proceeds against the entity and so forth.

Objective of the Study

Until recently, the going concern assumption was just that—an assumption. Management was not required to perform specific procedures or to make any express statements on the matter. But when preparing financial statements for each reporting period, management should, in fact, have provisions in place to analyze if there are conditions or events present that may prevent the entity from continuing business one year from the financial statement date. The objective of this paper is to inform preparers of financial statements of the

changes to the requirements for presentation of financial statements as it relates to going concern. More specifically, if conditions or events raise substantial doubt that the entity will continue to exist, a statement should be attached to the report to inform the reader of the events that may cause the cessation of business.

Changes to the Accounting Standard

Accounting standards are constantly changing to keep up with the demand of an ever-changing market. The topic of going concern, specifically, the requirements for evaluation and disclosure, is no different. U.S. Generally Accepted Accounting Principles (US GAAP) had not provided guidance regarding evaluation and disclosures of going concern matters. As a result, companies had the ability to be inconsistent and/or incomparable with their peers in whether, when, and how management discloses the condition of the company. Additionally, management had the ability to potentially prepare financial statements that did not show the true colors of the company.

In contrast, Generally Accepted Auditing Standards (GAAS) has historically required financial statement auditors to perform procedures to evaluate if there is substantial doubt that the entity has the ability to continue as a going concern, although, the definition of "substantial doubt" had not clearly been defined. Auditors use their professional judgment on this very subjective matter. Auditors using professional judgment in this and other areas make reasonable decisions based on various facts and circumstances, although it does leave room for interpretation. It is possible for different auditors to make different decisions and conclusions with the same underlying facts and circumstances. This results in the potential for a lack of comparability among entities. Additionally, if the auditors find, based on their procedures that the entity raises substantial doubt about its ability to continue to operate as a going concern, the conclusion is often in disagreement with management, since the auditors performed specific procedures that were prescribed to them and used their professional judgment, while management had not performed any procedures. Without US GAAP providing principles and guidance for management, this clash would continue.

The Financial Accounting Standards Board (FASB) has been in deliberation for a period of time regarding the guidelines for preparers of financial statements related to the going concern matter. In 2008, there was an initiative to require entities to incorporate specific provisions with regard to financial reporting when an entity's future is of suspect, and the FASB issued an exposure draft to provide entities with guidance in this area. This exposure draft attempted to reconcile guidelines from both Generally Accepted Auditing Standards (US GAAS) and International Financial Reporting Standards (IFRS).

This original exposure draft elicited criticism for the terminology used, and it was suggested that the terms "going concern" and "substantial doubt" were not defined clearly enough. There was further criticism regarding the lack of guidance for preparation of financial statements when an entity is in liquidation. In 2010, after reviewing those criticisms, the board defined the meaning of going concern as: an early warning disclosure about an entity's uncertainties. In 2013, the board issued a second exposure draft which suggested the requirement of disclosures when it was more likely than not that an entity would be unable to meet its obligations within twelve months after the financial statement date or if it is probable that the entity would be unable to meet its obligations within 24 months after the financial statement date. These disclosures would be known as early warning disclosures.

The next step was to set the guidelines for what exactly substantial doubt is with regard to an entity's future. The board defined substantial doubt as a high threshold leading to high

uncertainty that the entity will be able to meet its obligations. This guideline, relating to an entity meeting its obligation, was used, since it is the most familiar and understandable threshold. Other alternatives were considered i.e. assessing the probability of impending liquidations or existing conditions that would interfere with the entity's ability to realize its assets and meet its obligations. But the most familiar threshold was chosen.

Additional amendments to the original exposure draft gave management the responsibility to evaluate when and how to disclose substantial doubt that an entity will continue as a going concern. The board discussed various options with regard to frequency of evaluation. The option that was chosen was that the entity's management should evaluate going concern risk at each annual and interim reporting period. This was the most popular option among respondents to the 2013 exposure draft. Other options that were discussed were annual only or annual only with triggering event-based interim evaluations. The latter two were not selected, since they do not provide a comprehensive evaluation for each interim period.

The more controversial issue the board discussed was the *how* i.e. the actual evaluation of substantial doubt. At what point must an entity disclose the uncertainty that they will be able to continue as a going concern? The board's research found that many financial statement users think of substantial doubt using stricter threshold than management. They found that financial statement users tend to think that substantial doubt means that there is a high probability that the entity will go bankrupt.

As a response to criticism to the exposure draft regarding the explanation given for what substantial doubt actually is, FASB provided examples of symptoms a company may experience when it is substantially doubtful to be able to continue as a going concern. Those symptoms include recurring operating losses, working capital deficiencies, negative cash flows from operating activities, and adverse key financial ratios. Other indications of possible substantial doubt include defaulting on loans or similar agreements, suppliers denying the entity from buying inventory on account, restructuring of debt, noncompliance with statutory capital requirements, the inability to finance operations or take out loans because of bad credit. Other indications include expensive legal proceedings and litigation, which may put pressure on the company to liquidate assets to meet obligations.

Methodology to Evaluate Going Concern

In order to evaluate going concern, one must use a variety of methods. Some methods include the analysis of key financial ratios for forecasting, the review of compliance with terms of debt agreements, the review of minutes for board of directors meetings and other committee meetings, and the inquiry of the company's legal counsel. Additional methods are evaluating the motivations for new borrowings and raising new capital, liquidation of assets, restructuring costs, and reducing dividends. One must determine if the results of this methodology results in substantial doubt that the company will continue as a going concern.

The New Standard

One of the main provisions included in the board's amendments is that management is now obligated to evaluate whether certain conditions or events raise substantial doubt about the entity's ability to continue as a going concern or continue its operations as a business. The important differentiation is that now *management* evaluates whether the company will be able to meet its obligations. This addresses the goal of having less disparity between management and the auditor in regards to the relevant disclosures.

The board's amendments also included a provision regarding the substance of what going concern is. Before these provisions were established, US GAAP had the assumption that a

company will continue as a going concern and operate normal business functions into the future. Historically, the external auditor had the responsibility to report on an entity's capability to continue as a going concern based on the entity's liquidity: the ability for the company to pay liabilities as they become due. This leads to the problem that by the time the external auditor makes his call on the matter, it could already be at the point that the company is close to collapse. Surely, that is not the proper way to make financial statement users aware of the company's financial situation. These going concern evaluations need to be performed sooner, and by management. Results of the evaluation need to be presented in the footnotes and disclosed using a standardized model. The new policies implemented into US GAAP now provide management with a true definition of substantial doubt, in addition to principles and guidance on how the substantial doubt needs to be presented in the financial statements.

The new update includes provisions that instruct management to disclose whether the entity is able to meet obligations due with the company's assets. If management concludes that there is substantial doubt within the entity, they are responsible to inform investors and other financial statement users of such and of their plans to minimize that substantial doubt. These plans should only be disclosed if the plans have reasonable assurance to mitigate the substantial doubt, and if the plans will be carried out to their fullest potential. If management's plans are implemented, and implemented effectively, the entity would be relieved of the substantial doubt to continue as a going concern. In this case, management would be responsible for disclosing all of the facts and circumstances; the existence of substantial doubt, the plans to minimize this substantial doubt, and how the plans effectively took place and alleviated the entity of substantial doubt. This should all be presented in an understandable way to financial statement users. If management's plans are not effective i.e. do not minimize or alleviate the entity of any substantial doubt to operate as a going concern, management is required to provide a statement in the footnotes including the following: existence of substantial doubt, and which events and/or conditions indicated such. Including these relevant disclosures would give financial statement users the full picture with respect to substantial doubt and how the company is affected.

The amendments in this standard, including a few of the main provisions mentioned above, are effective for the annual period ending after December 15, 2016, however, early application is permitted. Therefore in the future, all entities, public and non-public, are required to meet the requirements of the new standard "Accounting Standards Update No. 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*."

Accounting professionals are satisfied with the resulting updates to the standard. The Executive Director of the Center for Audit Quality (CAQ), Cindy Fornelli stated, "The CAQ commends FASB for its efforts in developing a standard that provides guidance regarding a preparer's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern, and, where required, to provide footnote disclosures about going concern uncertainties each reporting period. I (We) believe the adopted ASU represents an improvement over the current going concern model and will provide users of financial statements with more clarity on the nature of conditions or events that may raise substantial doubt about the entity's ability to continue as a going concern".

Comparison to other Accounting Standards

During this study, it was beneficial to compare the U.S. Generally Accepted Accounting Principles (US GAAP) to the respective accounting standard from other countries. Since the International Financial Reporting Standards (IFRS), issued by the International Accounting

Standards Board, has been adopted by approximately 120 countries, this is the most inclusive comparison. Under IFRS, the standard is essentially the same as the relevant standard under US GAAP, with one exception. While under US GAAP, the guideline requires management to assess whether the company is a going concern for a one year period after the financial statement date, IFRS's assessment period is for *at least* one year. US GAAP's position stems from the desire not to be overly speculative when making the assessment on this matter too far into the future. It comes as no surprise that all other aspects of this US GAAP standard are very similar to the international framework, since US GAAP has recently been making changes to the majority of their standards to conform with IFRS.

Conclusion

Professionals agree that the new requirements relating to going concern evaluation and disclosure provide a critical improvement to the financial statements taken as a whole. The improvements provide for a more complete and accurate picture to financial statement users on a company's financial health. A company's financial statement will now be more comparable to another company's financial statements and investors will have more confidence that going concern risk is being sufficiently addressed. This update will help investors as well as entity management and their auditors. After many years of working through feedback, it appears that the board has finally established proper guidance in this area.

Limitations of the Study

This study is limited to for-profit companies, and it does not address state and local governmental entities. This is such, since governmental entities have unique accounting standards applied, which are developed by the Governmental Accounting Standards Board instead of the Financial Accounting Standards Board. Since they are not profit driven, the going concern assessment will surely be performed using different assumptions and guidelines, but we have not explored that topic in this paper. We look forward to exploring the topic in a future paper.

References

- Assurance Services. (2014, August 28). *pwc*. Retrieved from In brief: FASB introduces going concern assessment and disclosure requirements:
<http://www.pwc.com/us/en/cfodirect/publications/in-brief/fasb-going-concern-us2014-17.jhtml>
- Center for Audit Quality. (2014, August 27). *Center for Audit Quality*. Retrieved from
<http://www.theqaq.org/newsroom/2014/08/27/caq-commends-fasb-s-issuance-of-guidance-to-improve-financial-reporting-of-going-concern-entities>
- FASB Financial Accounting Standards Board. (2014, August 27). *FASB Financial Accounting Standards Board*. Retrieved from
http://www.fasb.org/cs/ContentServer?pagename=FASB/FASBContent_C/NewsPage&cid=1176164330187
- Financial Accounting Standards Board. (2014, August). Presentation of Financial Statements-Going Concern (Subtopic 205-40). *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, pp. 1-33.
- Jim Sylph, Executive Director, Professional Standards IFAC international Auditing and Assurance Standards Board, International Federation of Accountants
http://www.ifac.org/system/files/downloads/IAASB_Staff_Audit_Practice_Alerts_2009_01.pdf

Tara Loan Gheorghe THE GOING CONCERN - THEORY AND PRACTICE IN THE FINANCIAL AUDIT University of Oradea, Economic Sciences Department.

<http://anale.steconomieuoradea.ro/volume/2011/n2/089.pdf>

Tysiac, K. (2014, August 27). *Journal of Accountancy*. Retrieved from FASB defines management's going-concern responsibilities:

<http://journalofaccountancy.com/news/2014/aug/201410841.html>

Ward, D. (2014, October 24). *Brown Smith Wallace* . Retrieved from The Ball is in Your Court: Management to Assess Going Concern Issues: <http://bswllc.com/the-ball-is-in-your-court-management-to-assess-going-concern-issues/>

A sluggish U.S. economy is no surprise: Declining the rate of growth of profits and other indicators in the last three quarters of 2015 predicted a slowdown in the US economy in the coming months

Bob Namvar

Dr. Robert Jabs School of Business
California Baptist University, Riverside, CA, USA

Keywords

Recession, US Economy, Economic indicators, Investment spending

Abstract

Recession is a built-in feature of the market economy, it is unavoidable but controllable. Almost all of the recent recessions have had the same chain of causes from the demand and supply sides and profit has been the first leading indicator to signal a sluggish US economy. The recent economic slowdown began in the third quarter of 2015 but it did not start suddenly. It was a result of cumulating tensions built up in the expansion after the recession of 2007-2009.

Introduction

Through the first quarter of 2015, almost all of the key economic variables have shown that the U.S. economy started the year with a sluggish growth. The GDP grew at an annual rate of 0.6% in the first quarter followed by a good second quarter of 2015, compared with -0.9% growth during the first quarter of the last year and 4.6% growth in the second quarter of 2014. The average annual growth rate increased from 2.45% in 2013 to an annual growth of 2.54 in 2014. This magnitude of growth for the size of the American economy indicates a sluggish growth is in making. The unemployment rate decreased from a monthly average of 7.36% in 2013 to 6.15% in 2014 and to 5.28% in 2015 – a good sign of a relative good economic growth. Housing, a good economic indicator, rose by 9.2% from November 2014 to November of 2015 and new home sales were up 9% while retail sales increased by 15% during the same time period. The U.S. Census Bureau announced the new orders for manufactured durable goods in November of 2015 increased \$0.1 billion or virtually unchanged to \$238.8 billion. This increase, up two consecutive months, followed a 2.9% October increase.

The key economic indicators, led by rising costs and lower income figures in the manufacturing sector, signaled a slow growth in the U.S. economy as early as the first quarter of 2014. Many key economic indicators have been fluctuating since the second and third quarters of 2014, and this trend has continued through the first three quarters of 2015. Other trends, such as the extent to which rising federal tax revenues outpaced government spending, clearly suggesting an eventual slow growth in the economy through much of 2016.

Let's examine the behavior of some of the key economic indicators in recent months. The Conference Board Leading Economic Index is an economic leading indicator intended to forecast future states of an economy. It is calculated by a non-governmental agency called "The Conference Board." This organization determines the value of the index from the values of ten key economic variables. These variables have historically turned downward before a recession and upward before an expansion. The single index value composed from ten variables has generally proved capable of predicting recessions over the past 50 years. The Conference Board's composite index of ten leading indicators for the U.S. increased 0.4% in

November of 2015 to 124.6 (2010 = 100), following a 0.6 percent increase in October, and no change in September of the same year. This indicates that the US economy will not experience a recession in 2016. The data on the Composite Leading Indicator (CLI) contradicts with the Conference Index. This indicator increased to 100.47 in the first quarter of 2014, peaked in July of 2014 at 100.74, but continued to drop to 99.2 in November of 2015. The Consumer Confidence Index (CCI) dropped to 99.44 in the first quarter of 2014 peaked in January 2015 to 101.11, but started to drop in the following months to 100.5 in November of 2015.

During 2014 and 2015, the world economy, particularly some European and the Chinese economies, experienced economic slowdown for an extended period of time. In 2015, the major stock markets in several large countries went through a volatile period of up and down indicating a dominant uncertainty in those countries. Logically, as global economy experiences slow down, the American economy will follow a sluggish growth with a time lag in the coming months. This is because of the strong interdependence of the U.S. economy and the global economy.

The total personal saving can be considered as a good indication of consumer expectation and certainty. Despite a very low interest rate on personal saving, during the last three years personal saving increased by 23.6% while it decreased by 2.6% from 2010 to the first quarter of 2013. This may be a good indication of increasing uncertainty among the U.S. consumers which will lead to a sluggish economic growth in the following months.

The Business Confidence Index (BCI) fell in 2009 to 96, peaked at 101 in 2011 but started to drop in the following years resulting with 99.8 in the third quarter of 2015. Almost all of the above mentioned indicators predict a sluggish economic growth for the U.S. economy in 2016.

Aggregate consumer debt balances started to rise in the first quarter of 2013. It increased in the third quarter of 2015 to the highest level of \$12.07 trillion since then, a \$212 billion increase from the second quarter of 2015. However, overall consumer debt remains 5% below its 2008 peak of \$12.68 trillion and consumer debt as percentage of disposable income peaked at 13.1% in the third quarter of 2007, but continued to drop since then to 10% in the third quarter of 2015. Total credit card debt continues to increase from \$841 billion in 2010 to \$925 in the third quarter of 2015 showing an average yearly increase of 2%. Given that about half of the U.S. households own stock in some form, the recent stock market's turbulent course through the trading day may have created a "reverse wealth effect." As people see their stock portfolios or 401(k) funds fluctuate in value, they realize that they are not as wealthy as they had felt just a few months before. At the end of the second quarter of 2015, for the first time in U.S. history, there was more money invested in the stock market than in saving accounts. Also, for the first time since the inception of the program, 401(k) saving accounts has reached to all-time peak at \$91,300 billion showing an average yearly growth of 6.3% for the last five years. This may be a good indication of a trend of saving more and leading to a slowdown in consumer spending. The spending index increased by 1.8 points at the end of 2015 but it still sits below the current twelve month average index of 105.5. The Chain Store Guide consumer report predicts a cool start to retail and restaurant spending in January 2016 which can be an indication of a sluggish growth in the months ahead. Also, aggregate personal spending grew at a rate of 1.8% during 2015, the slow rate comparing to the previous years after the recession of 2007-2009.

Despite the fact that the Labor Department reports a continuous drop in the claims for unemployment since 2009 and the unemployment rate dropping to a record low of 5% since 2006 as well as inflation fluctuating around 2% during the last three years, consumer spending index indicates a sluggish growth for the last two years. According to the report by the Federal Reserve Bank at Saint Louis the capacity utilization index continued to increase from 67.5% in

2009 to 79% in November of 2014 but has started to drop since the first quarter of 2015 and ended up at 77% in November of 2015. This may be considered as a sign of production slowdown in the future months in 2016.

Strong corporate profits usually help growth in the US economy, but the recent corporate profit data show contraction. The US companies posted their largest annual decline in third-quarter profits in 2015 since the recession of 2007-2009. As the US dollar gets stronger in terms of other currencies, the global demand for American products and services have been hindering corporations' ability to drive margins like before. A slowdown in U.S. corporate profitability, a return of stock market volatility in the U.S. due to open elections and because of uncertainty about the new administration on fiscal policies, healthcare or regulatory policy and rising geopolitical risks are the main concerns of the investors for 2016. Profits before tax from current production (corporate profits with inventory valuation adjustment and capital consumption adjustment) decreased by \$67.7 billion in the third quarter of 2015, in contrast to an increase of \$141 billion in the second quarter of 2015. Also, this decline in corporate profit is because the investors are now facing a new sense of uncertainty due to ongoing tensions in the Middle East, possibility of terrorist attacks in Europe and in the U.S., and volatility in stock markets in the U.S. and in the world. This can be considered as a signal of sluggish growth in 2016.

Comparing the annual GDP growth of 2.45 in 2013 and 2.51 in 2014 with the growth rate of 2% in 2015 (Q1-Q3) shows a good indication of slowdown in 2016 and a slowdown in consumer demand which will induce layoffs in the future. Also, even with cost cutting measures, companies have continued to report lower profits in 2015 – often below their adjusted projections. This will continue to lead to stock market volatility. The rate of growth of gross private domestic investment dropped to the lowest rate of -0.7% since 2013 (except for the first quarter of 2014). Also, the rate of growth of technology spending on equipment and software was down during the second and third quarters of 2015.

The recent increase in the interest rate by the Federal Reserve, and the potential stimulus of the tax cuts, the U.S. trade imbalance and the ongoing tension in Europe and in the Middle East will continue to impact the growth of the U.S. economy in the coming months. The trade imbalance has increased in the past three years to almost 2% of the GDP and the increasing strength of the U.S. dollar, in terms of other currencies, will slow down the U.S. export in 2016. Comparing the annual rate of growth of the U.S. export for the last three years, it dropped from an annual growth of 5.25% in 2013 to 2.6% in 2014 and to almost 0% in the first three quarters of 2015. At the end of the third quarter 2015, exports increased only by 0.7% annually while import grew at 2.3%. In addition, the Baltic Dry Index which is a measure of cargo shipping rate experienced a sharp decline recently.

At the end of 2015, the Morgan Stanley Business Conditions Index which shows the proprietary Business conditions fell to its lowest level since February 2009. Also, analyst estimate that profits of Standard and Poor's 500 companies in the last quarter of 2015 had their biggest drop from a year ago since 2009.

The Purchasing Managers Index is one of the main economic indicators that Federal Reserve Chairperson and the Board of Governors examine closely to gauge the U.S. economy's health. An index above 50 is an indication of economic expansion and an index below 50 is a sign of possible future economic slowdown. Any index below 42.7 is very a good indication of a likely future recession. The index started to fall from 55.5 in the third quarter of 2014 to 48.6 in one year and declined to 48.2 at the end of 2015, a 13.2% decline in 15 months. This may indicate

that a recession is not in the making, but a good sign of sluggish economic growth in the following months.

In the following sections, the key economic variables during the most recent economic cycle will be compared with those of the three previous cycles (1991-2007). All data used in this article are in real term, adjusted for seasonality and are in 2009 prices.

Investment Spending is a Major Economic Indicator

In this article, investment spending is referred to as gross investment. This term excludes residential investment. Residential investment has its own cycle that does not coincide with the cycle of the key economic variables.

The growth of the economy is determined by new investment spending. Investment spending has been used as an indicator to show whether the economy is in recession or expansion. Investment is important for two reasons: first, additional investment creates more demand for capital goods in the form of plant, equipment, and inventories – the new demand means more employment that brings more income and stimulates new spending; second, investment is also the key variable in the business cycle because it is the most variable element of aggregate demand.

To show the magnitude of the fluctuations in investment during the business cycle and its correlation with the slowdown of the economy, we compare it with the fluctuations in consumer spending. For example, in the long expansion of 1990's, investment spending rose 254% while consumption spending rose 41.6% and in the recent expansion after the recession of 2007-2009, investment spending rose almost three to four times more than consumption spending. In the contraction phase of the three business cycles of 1991-2009, on average, consumption spending dropped only by 0.6% while investment spending plunged 11% per each cycle. During the recent expansion of 2010-2015, consumption spending rose an annual average of 2.36% while investment spending rose an average annual rate of 7.2%.

In short, although investment is the most variable component of total spending, it is the means of growth of the economy. When it rises, the economy expands; when it falls, an economic contraction results and when it slows down the economy experiences a sluggish growth.

What Determines Investment?

Investment spending is determined by available funds – including profit as well as the expectation of profit. Economists have focused on different factors affecting business expectations and, therefore, expectation of profit. However, most economists believe that profits are the only business of business. Businesses invest in anticipation of making a profit. When actual profits decline, expectations for profit decline and the funds for investment decline. There is a time lag between the expectation in profits and new investment because of the time lag in information, planning, the purchase of large equipment, and the construction of new plants.

Based on the seven expansions from 1970 to 2015, total profits led investment by one or two quarters. The total profit, through its impact on available funds, has had significant impact on investment. The higher the profit, the more progressive investment spending will be. All data and corresponding research indicate that total profits and profit rates do influence investment spending and a positive correlation exists between these two variables. In the average of the three economic expansions of 1970-1973, 1975-1980, and 1980-1991, corporate pre-tax profits rose 32%. Investors were optimistic, their funds rose along with a 47% increase in their investment. In the long expansion of 1990's, profits rose 88.7% and investment increased by 254%. Investment rose more than profits because of the excessive optimism and speculation of investors. In the

average of the three recent expansions of 1992-2000, 2002-2007, and 2010-2015 corporate profit rose 57.8% while investment increased by 58.6%, a good one to one correlation. In the last seven expansions of 1970-2015, profits first rose very rapidly in the early expansion, then the rate slowed in mid-expansion and eventually declined toward the end of the expansion period. We can conclude that the pattern of changes in profits and investment was the same in all of these economic expansions. Also, the rate of growth of investment spending has been higher than the rate of growth of profit.

What Determines Profit?

Economists have tried to pinpoint the most important factors affecting profits and, consequently, investment spending. Profits are defined as the difference between business revenues and the costs of doing business. Revenues come from four sources of spending. It includes consumer spending on goods and services, investment spending by businesses, government spending, and foreigners spending for U.S. exports. Business costs include all employee compensation (wages, salaries, and benefits), interest payments, costs of raw materials, and taxes. To understand profits further, the behavior of the components of business revenue and cost are examined in the following sections.

When Did the U.S. Economy Start to Slow Down?

Table 1 portrays a window picture of the present economic situation in terms of percentage change in the key economic variables from 2013 to 2015(Q3). The table presents the percentage change of the U.S. GDP, gross domestic spending, the components of gross domestic spending, rate of growth of imports, exports, government spending, national income, and profit before tax for 2013-2015(Q3). The data for 2013 is in annual growth rate and it will be used as a benchmark for the corresponding data in 2014 and 2015.

As shown in Table 1, the annual growth rate of 2.45% for the 2013 GDP indicates a moderate growth for the year. However, despite strong growth of 4.6% in the second and the third quarters of 2014, the fourth quarter growth declined to 2.1% and the first quarter of 2015 declined to 0.6%. During the same time period, the growth of gross domestic spending was higher than the GDP growth for the following reason. The rate of growth of consumption spending has been higher than the GDP growth due to the fact that consumers like to keep the same lifestyle even though their income growth has slowed down. This means that consumption spending is usually adjusted with a time lag. Also, the rate of growth of government spending was about 2% in the last three quarters of 2015.

Table 1. An overview of the U.S. economy key variables, 2013-2015

Figures are in percentage at seasonally adjusted annual rate, 2013 (annual), quarterly data for 2014 and 2015 (first three quarters).

	2013	2014				2015		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3
Gross Domestic Product	2.45	-0.9	4.6	4.3	0.2	0.6	3.9	2.0
Consumption spending	3.5	2.9	5.9	4.6	3.7	-0.2	3.6	3.0
Nonresidential investment	4.3	8.3	4.4	9.0	0.7	1.6	4.1	2.6
Residential investment	3.75	-2.8	10.4	3.4	10.0	10.1	9.3	8.2
Exports	7.5	-6.7	9.8	1.8	5.4	-6.0	5.1	0.7
Imports	2.43	4.7	9.9	-0.8	9.9	7.1	3.0	2.3
Government expenditures	-2.85	0.0	1.2	1.8	-1.4	-0.1	2.6	1.8

National Income	2.8	1.39	7.37	7.34	2.67	-0.6	4.8	3.17
Profit	2.8	-8.0	7.0	3.0	-2.0	-5.0	6.2	-2.8

Source: Bureau of Economic Analysis, Department of Commerce

Let's examine the growth rate of the components of gross domestic spending. The rate of growth of consumption spending, which has the highest share in total spending (about 70%), was healthy in 2013 and 2014 up until the first quarter of 2015. It rose slower in the first quarters of 2014 and 2015. One of the main reasons for the consumption spending slowdown has been the performance of the stock market in the recent months and its "reverse wealth effect" on spending. The slowdown will be intensified due to the performance of stock markets in some European countries and China. Increasing the rate of growth of personal saving in the U.S. has indicated that consumer uncertainty has intensified and possibly consumer spending may slow down more in the coming months. This is a good indication of sluggish growth for the U.S. economy in the following remaining months of 2016. Middle East crises and the terrorist potential attacks in different parts of the world are two other reasons for the slowdown in the consumer spending in coming months. Also, the collapsing oil market for several months has resulted in layoffs in this industry and its horizontal and vertical industries as well.

Investment spending was strong in 2013 followed by two very good quarters in 2014. However, investment started to slow down significantly in the last quarter of 2014 and declined in the two quarters of 2015 and end up with a negative growth of -0.7% in the third quarter of 2015. The negative growth of -2.5 and -0.7% reported for the first quarter of 2014 and the third quarter of 2015 quarter respectively were the lowest growth since the recession of 2007-2009. As mentioned earlier, the data on investment excludes the residential investment category. The corresponding data on residential investment verifies that this variable tends to have its own cycle and its fluctuation does not coincide with that of other economic indicators. For example, residential growth changed from negative growth in the fourth quarter of 2013 and first quarter of 2014 to positive growth in the last 3 quarters of 2014 and first three quarters of 2015.

Exports and Imports

In terms of exports, economic theories indicate that U.S. exports depend strongly on the economic condition of the rest of the world and the strength of the dollar. The weakness in the economies of other countries motivated the world's investors to invest in the US in search of higher returns, buying dollars has made dollar stronger every year since 2013. The data on exports reinforces the pro-cycle behavior of exports and its positive correlation with the performance of the U.S. economy. As shown in Table 1, exports grew more than an average quarter of 7.5% in 2013, declined to 2.6% in 2014, and dropped to an average growth rate of -.06% in 2015. This is an indication of a slowdown in American exports to other countries during the last two years. They declined from the first quarter of 2014 and continued to plunge throughout 2015. A comparison of the trends of the rates of growth of exports, the U.S. GDP, and national income shows that these variables have been moving in the same direction in 2014 and 2015, which is an indication of a close correlation. We can conclude that the economic condition of the rest of the world has been closely related to the performance of the U.S. economy. Any slowdown in the U.S. economy will be reflected globally and eventually reduce foreign demand for U.S. products. Considering this correlation and examining recent trends in key domestic and international economic variables indicates that the recession of 2007-2009 of the U.S. economy led to a global recession.

The rate of growth of both imports and national income show the same trends during the last seven quarters - confirming the economic theory that imports are a function of national

income. National income growth started to slow down in the first quarter of 2015, and has continued this trend in subsequent quarters. The same movement has been reported for imports. Thus, the rate of growth of imports has coincided with the rate of growth of national income despite the fact that the dollar has been stronger than before. Knowing that the U.S. economy has had the highest share in the world GDP, the highest per capita income, and the highest level of exports and imports for decades, it reinforces the conclusion that the recession of the U.S. economy has reflected in the economy of the rest of the world and has led to global recession. The reverse correlation may be quite possible. A slowdown in the economies of other countries will impact the global demand for American product and slowdown the US economy.

Cost of Doing Business

Table 2 shows the rate of growth of some key cost variables from 2013 to 2015 (Q3). The data for 2013 can be used as a benchmark to compare with the corresponding data in 2014 and 2015. The rate of change of the major cost variables (taxes, Federal Funds rate, price of raw material, and employee compensation for 2013-2015) is presented in the table.

In terms of the components of the cost category, changes in the interest payment cost on the loans are reflected by the changes in the Federal Funds Rate. Data on the FFR reflect several minor interest rate increases implemented by the Federal Reserve. Also, as shown in Table 2, the slow growth of tax collection and the relative slow growth rate of employee compensation compared with rate of growth of national income for the last seven quarters could be considered signs of the U.S. economic slowdown in 2016.

As the economy started to slow in the third quarter of 2015, the rate of growth of profits will drop, investment spending will slow down, and manufacturers will slow down their production and lay off more employees. As a result of the slowdown in production, the growth rates of tax collections and employee compensation (in the form of wage and salary raises and benefits) will decline.

According to Table 2, the producer price index shows negative growth in the first three quarters of 2015 indicating a large surplus in the raw materials market due to contraction in the manufacturing sector of the economy. The newly created surplus in the raw materials market is the main reason for the deflation of non-labor inputs. Growth in productivity may have had an impact too.

Table 2. Cost economic indicators in the U.S. economy, 2013-2015

Figures are in percentage at seasonally adjusted annual rate, 2013 (annual), quarterly data for 2014 and 2015 (first three quarters).

	2013	2014			2015			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3
Taxes	6	-0.5	1.5	1	0.4	1.3	2	0.8
Federal Funds Rate	-43.7	-22.2	22.2	0	11	10	18.2	0
Producer price index	1.13	-2.6	-4	8.7	6	-4	-10.5	2.15
Employee Compensation	2.7	1.54	0.8	1.3	1.46	0.7	1.35	1.3
Capacity Utilization	0.65	0.65	0.9	0.4	0.65	-0.5	-1	-0.65

Source: Bureau of Economic Analysis, Department of Commerce

In short, most of the key spending and cost variables indicate that the U.S. economy started to slow down in the second part of 2015 and will continue to decline throughout 2016. The present economic situation did not start suddenly. The slowdown has been intensified due

to other factors such as the recent slowdown in the economies of several European countries and China – China being the second largest economy in the world. The main questions are how did we get to this situation and what were the main contributing factors. The following section is an attempt to answer these questions.

An Analysis of the Most Recent Expansion

How did the U.S. economy get to this point? To answer this question, we need to examine the behavior of the main economic variables and analyze the trends of these key indicators during the expansion of the 2010-2014.

Total profit is defined as the difference between total revenue and total cost. In the following parts, the behavior of the components of total spending and total cost will be examined for the 2010-2014 expansion. Then, we can conclude how the economy got to the present economic slowdown. Table 3 summarizes the percentage changes in revenue and cost categories for this expansion.

Revenue and Spending

During the 2010-2014 expansion, consumption spending rose 14% while national income rose 18.3%. This means that the share of consumption in national income decreased by 4.3%. Since consumption spending is the largest component of aggregate spending, a reduction of 4.3% in consumption spending was a multi-billion dollar slowdown in the U.S. economy. In addition, over time, this reduction will become worse through the reverse spending multiplier effect and will cause the economy to continue to slow down. However, this expansion was different from other expansions with respect to consumer demand. First, this expansion followed a great recession of 2007-2009 and was marked by a sharp rise in the stock market. Given that about half of U.S. households own stock in some form, the “wealth effect” was one of the main reasons motivating consumers to spend more money in the early phase of the expansion. Second, consumers with low income, especially, were forced deeper into debt to maintain their existing lifestyles. Therefore, the amount of debt by consumers per dollar of income rose rapidly. At the end of 2015, the “reverse wealth effect” generated by the weakening stock market, will lead to a slowdown in spending in the coming months.

Table 3. Percentage growth in revenue and cost in the U.S. Economy

From the first quarter of 2010 to the fourth quarter of 2014.

Figures are seasonally adjusted.

Category	Revenues	% Growth 2010Q1-2014Q4
GDP		16
Consumption expenditures		14
Nonresidential investment		49
Exports		7.3
Imports		23.7
Government expenditures		2.3
Costs		
Taxes		26
Federal Funds Rate		118
Producer Price Index		11.35

Employee Comp as % of GDP	-0.5
National Income	18.3

Sources: <http://www.stls.frb.org/fred/data/gdp/nicur>, <http://www.stls.frb.org/fred/data/irates/mprime>, <http://www.stls.frb.org/data/business/compmb>.

As shown in Table 3, investment spending grew at the rate of 49% in terms of gross investment from the first quarter of 2010 to the fourth quarter of 2014. There were two main reasons for this: first, the rate of growth for profit was 20.1 during this period, which was a good growth rates in the U.S. economy; second, investment increased far beyond profit growth due to a unique speculative environment fueled by confidence in emerging information technologies. Another contributing factor was the optimism of some experts who thought that the 2010-2015 expansion has been strong and consequently, investors and consumers have been optimistic.

As shown in Table 3, in the expansion of the 2010-2015, government spending rose by only 2.3 while taxes rose 26% even though tax rates did not increase. This indicates that government revenues rose faster than expenditures and, therefore, the deficit declined. This slowed down the potential demand for consumer goods and services as well as plants and equipment.

On the supply side, the cost of doing business includes interest payments, wages and other compensation, and the cost of raw materials. In the 2010-2014 expansion, the Federal Funds Rate rates rose 118%, showing a change from 0.1 to 0.24%. The higher interest payments increased costs of production and cut into profits. Higher interest rates also increased the costs of consumer debt. Also, the Fed officials forecasted that the Federal Funds Rate will increase to 1.5 percent by the end of 2016 indicating that the interest costs of doing business will be much higher in the coming months.

During the same period, as shown in Table 3, the Producer Price index rose 11.35%. The rising cost of raw materials may have been a problem for profits, depending on the behavior of final prices. During this expansion, tax collections increased 26% while employee compensation decreased by -0.5. A comparison of these rates indicates why the demand side of the economy will slow down in the coming months. On the supply side, costs rose more rapidly than national income at the end of the 2010-2014 expansion which will contribute to lower profits, lower investment, and economic slowdown beginning in the first quarter of 2016. In this expansion, exports rose 7.3% while imports increased by 23.7% resulting in a trade deficit of \$105 billion. More money leaked out of the economy than was injected into it. This deterred business activity and limited demand for domestic products.

Conclusion

Although the market economy is the most efficient and productive system in the world, it generates the business cycle as a negative side effect. The economic fluctuation is a built-in feature of this system. This is unavoidable, but it is controllable to some extent. During the last several decades, almost all of the business cycles have had the same chain of causes from the demand and supply sides in expansion and contraction phases.

Despite many changes in the new economy such as technological advancement, communication enhancement, and the globalization of businesses, the same sequence of events similar to the previous business cycles led to a reduction in profits and investment and a slowdown in the U.S. economy in 2015. Other contributing factors such as the trade imbalance, the strength of the U.S. dollar, and the recent stock markets volatilities in some other economies have slowed down the U.S. economic growth. Also, due to the close interrelation and interaction

between the U.S. economy and the rest of the world, any sluggish growth in the European and Chinese economies will lead to a slowdown in the American economy.

The recent slowdown began in the last quarter of 2015, but warning signs were apparent throughout the economic expansion of the 2010-2014. During this period, rising tax revenues outpaced government spending causing the government to have less and less positive impact on aggregate demand and revenues. A high trade deficit intensified the contraction and constrained the demand for American products. Therefore, there were trends limiting revenues from domestic consumers, from net exports, and from the U.S. government. On the supply side, rising interest rates, higher raw materials prices, and taxes cut into profits. Lower profits will lower investment and, eventually, to the economic slowdown of 2016.

Profit has been the most important leading economic indicator. It was the first indicator to signal an impending slowdown in the last six business cycles going back to 1980. Analysis of the behavior of the cost and revenue components of profit can provide decision makers with an even earlier warning of an impending slowdown. In anticipating future business cycles, we clearly have much to learn from the past.

References

<http://www.bea.doc.gov>

<http://www.stls.frb.org/fred/data/gdp.html>

<http://www.stls.frb.org/fred/data/wkly.html>

<http://www.stls.frb.org/fred/data/gdp/nicur>

<http://www.stls.frb.org/fred/data/irates/mprime>

<http://www.stls.frb.org/data/business/comprnfb>

<http://www.stls.frb.org/fred/data/gdp/cpatax>

<http://www.bea.doc.gov/bea/glance.htm>

Work-family balance dilemma among employed parents (An empirical study)

Sally Kamel Ali Omran

Business Administration Department
Faculty of Commerce, Cairo University, Egypt.

Key words

Work-family balance, Organizational commitment, Organizational Citizenship behavior, Life satisfaction, Job involvement, Intention to leave.

Abstract

This study aimed at examining the relationships between work-family balance and organizational commitment, organizational citizenship behavior, life satisfaction, job involvement and the intention to leave. It depends on "a proportional stratified random sample" of 368 from the full-time working employees in the three communication companies in Egypt. Of the 368 questionnaires distributed 276 completed and usable questionnaires are returned representing a response rate of 75%. The sample consists of 53, 2% females and 64, 8% males. With regard to marital status, 99, 6% of the sample is married and 86% of them reported having a working spouse (dual-earner status). The average number of children under- age is 1.41. The collected data are analyzed by using different statistical techniques. The research ended by the following results: (a) work-family balance and organizational commitment , organizational citizenship behavior , life satisfaction , job involvement are positively and significantly related to each other while it is negatively related to the intention to leave, (b) gender and marital status have relatively influence on the relationship between work-family balance and its mentioned consequences ; (c) the relationships between work-family balance and its consequences are higher for males and for those who are married without young children than for females and those married with young children . Finally, the research ended by some managerial implications, recommendations and limitations.

Introduction

Employees in contemporary societies are constantly faced with challenges associated with conflicts between work and family roles. Studies found that work-family issues impact everyone regardless of individual demographics, social economic status or family structure (Amstad et al, 2011; Kim, 2012). The life of working people are very demanding and oftentimes, challenging. For working people, work-family linkages always seem to be complicated, and demands from both sides can be extreme, and people may need to be prepared to make tradeoffs. Many firms require workers to render longer working hours (especially in the private ones), perform more intense workload, and learn more skills to keep their jobs. The intense demand of workplace responsibilities create exhaustion, fatigue and lack of sleep which lead to physical and emotional stress (Nwosu, 2014). On the other side, the families of those working people require more time and energy in order to fulfill their families' responsibilities. Thus, conflict has been the dominant paradigm for most work and family research during the past quarter century. This is based on a scarcity hypothesis that the relationship of work and family comprise a zero-sum game because work and family are seen as greedy institutions. Also because the individual's resources of time and energy are viewed as fixed. The more time and energy one devotes to work and career, the less time is available for family and self-development, thus, conflict is seen as inevitable. Accordingly, achieving balance between the work and family demands can be considered an important dilemma for both the working people and their organizations.

Therefore, work-family balance in the present business context is of prime importance because of the nature of today's modern workforce characterized by high rates of labor market participation by women, long working hours, work intensification, emerging technology, global competitive market and the renewed interest in work, personal lives and family values. (Hye, 2014).

Despite the presumed virtue of work-family balance, the concept has not undergone extensive scrutiny. Most of the major review of work-family relations either do not mention work-family balance or mentioned balance but do not explicitly define the concept. Moreover, empirical studies that discuss balance between work and family roles generally do not distinguish balance from other concepts in the work-family literature (Hye, 2014; Sally and Martin, 2012; Divina, 2012).

Therefore, the main goals of this study are: to highlight and verify the "work-family balance concept"; to figure out the main psychological and behavioral consequences of achieving balance or imbalance between the work and family demands for both the employees and their organizations, and to examine the relationship between work-family balance and organizational commitment; organizational citizenship behavior; life satisfaction; job involvement, and the intention to leave.

Literature Review

This review will include: the review related to the theoretical framework of work-family balance (i.e. the independent variable of the study) and the review related to work-family balance consequences.

(a) The theoretical framework of work-family balance:

The recent explosion of interest in the work-family interface has produced a number of concepts to explain the relation between these two dominant spheres of life such as : work-family conflict , work-family enrichment , work-family integration, work-family balance , spillover , and segmentation (Carlson et al,2009; Williams and Boushey ,2010 ; Aslam et al ,2011; Anwar and Shadzah,2011 ; Anxo et al ,2013 ; Allen et al , 2010 ; Allen, 2013 ;Hye,2014).

Work-family balance is one of the widely cited terms in the popular press. Sometimes used as a noun and other time as a verb or an adjective, but the concept has not undergone extensive scrutiny. Most of the major reviews of work-family relations either do not mention work-life balance or mention balance but do not explicitly define balance or do not distinguish balance from other concepts in the work-family literature. Therefore, the absence of conceptual clarity about the meaning of work-family balance and presumptions of isomorphism and distinction with other work-family creates conceptual confusion and undermines the development of sophisticated and useful theoretical models of work-family interface.

According to Carlson et al (2009, p.1461), the absence of strong theoretical understanding of work-family balance and subsequent measures results in a literature driven by diverse empirical findings that are, at least, loosely connected by general notions of work-family interface. They also mention that the absence of conceptually based measure provide researchers and practitioners little opportunity to document workers' level of work-family balance, and impaired ability to identify and evaluate viable organizational strategies for promoting work-family balance.

Historically, Frone (2003, p.144) views work-family balance as "a statement wherein an individual's work and family lives experience little conflict while enjoying substantial facilitation ". Allen et al (2010) conceptualize it as "a global assessment that work resources meet family demands and family resources meet work demands such that participation is effective in

both domains". Also, it is conceptualized by Grzwacz and Carlson (2007, p.458) as "the accomplishment of role related expectations that are negotiated and shared between an individual and his/her role related partners in the work and family domains". According to Allen, 2010, the role theory suggests that work-family conflict and work-family enrichment are frequently distinct from work-family balance. While conflict and enrichment act as linking mechanisms between work and family, work-family balance reflects a summative characterization of an individual engagement in and enjoyment of multitude of roles across work and family domains. Added to this, Greenhaus et al (2010, p.168) define work-family balance as "the extent to which an individual is equally engaged in - and equally satisfied with his/her work role and family role".

Moreover, several scholars have recently proposed definitions of "balance" that distinguish it from other related concepts. Never less, the proposed definitions of balance are not entirely consistent with one another, the measurement of balance is problematic and the impact of work-family balance on individual well-being has not been firmly established (Allen, 2013, p.701). Meanwhile, in the researcher's point of view, work-family balance refers to "the individual's ability to accomplish socially negotiated role responsibilities at work and in the family".

Summing up, in spite of the numerous publications about work-family balance, there is still no uniform use of the term or its components. In publications about work-family balance, there are two prevalent perspectives: the conflict perspective and the enrichment perspective. Studies that examine conflicts draw primarily on conflict theory as part of role theory because individuals have only limited time and energy, conflict can arise if individual has several roles. The studies that examine enrichment indicate that enrichment results from experience, skills or values that are transferred from one sphere of life to the others and have positive effect there. Also, the developed definitions for work-family balance implicitly consider two components of equality: inputs and outcomes. The inputs are the personal resources that are applied to each role. To be balanced is to approach each role –work and family –with an approximately equal level of attention, time and involvement. These inputs reflect an individual's level of role engagement – in terms of time devoted to each role or psychological involvement in each role. It is difficult to imagine a balanced individual who is substantially more or less engaged in the work role than the family role. The other component of balance refers to the resultant outcomes that experienced in work and family roles. Satisfaction is one of these outcomes that are frequently included in the definitions of balance. Positive balance implies an equally high level of satisfaction with work and family roles, and the negative balance suggests an equally low level of satisfaction with each role.

In addition, the developed definitions indicated that work-family balance has three main components:

- a) Time balance, which means that there is an equal amount of time devoted to work and family roles.
- b) Involvement balance, which means that there is an equal level of psychological involvement in work and family roles.
- c) Satisfaction balance, which refers to an equal level of satisfaction with work and family roles.

(b) Work-family balance consequences (outcomes):

Many research emphasize the beneficial consequences of work-family balance such as enhancing job satisfaction, organizational commitment, family functioning and well-being (Kirby and Buzzanell, 2014; Christence et al, 2013; Muhamad, 2013; Henning et al (202); Sakthivel et al, 2011; Ollier, 2010). Also, the extend employees experienced work-family balance

strongly linked with employees' performance level and organizational performance as well (Hye, 2014). Many researchers have generally agreed on the important role of work-family balance as it is related with an individual's psychological well-being and overall sense of harmony in life (Allen, 2013 ; Abigail et al ,2013 ; Cegarra-leiva et al , 2012 ; Moen , 2011; Amstad et al (2011; Botero (2012; Kwan et al 2012) .

Meanwhile, recent research indicates that both employees and organizations are going to benefit from successfully balanced work and family (Kim, 2012; Hye, 2014; Muhamad, 2013). In family domain, when employees experience a lack of work-family balance, this experience threatens key domains of their personal lives. On the other hand, work-family balance enhances their well-being and family satisfaction. In the work domain, the absence of work-family balance causes poor performance and increase the absenteeism rate among the employees, but balancing work with the family life is associated with increased job satisfaction, and organizational commitment. In other words, employees' work-family balance experiences deepen their role-related engagement, which is related to organizational performance improvement (Subhasree and Misra, 2013; Stefan and Shiva, 2013; Uzoechi and Babatunde, 2012; Shockley and Singla, 2011; Darcy et al, 2012; Ryu, 2011).

Therefore, work-family balance is central for organizational performance as well as commitment to work, so there is a need call for rethink about motivation in the workplace for more commitment that employees might bring to work. Rashid et al (2013) argue that work-family balance enhances the organizational performance through its favorable organizational outcomes of decreasing the employee's turnover intention, enhancing employee's satisfaction, but this will differ according to the type of industry and the marital status. Hence, it is crucial for organizations to implement balanced work-family systems in order to allow their employees to better cope with work -related issues and family related requirements.

Moreover, employees' self-perceptions of creativity found to be enhanced through work-family practices. This finding - according to Jill et al (2014) ,Michel et al (2011), Kassel et al (2012) - carry practical implications to organizations that are concerned with promoting creativity in their employees and can influence key decisions on work-family policies. Organizations that keen to provide work-family balance programs most probably attract qualified and skilled employees and will be more successful to improve employees' attitudes and behaviors than its counterpart organizations. This may lead to enhancing organizational performance , but this relation will be moderated by a number of factors , including national context , job level , and the managerial support (Ong and Jeyaray ,2014 ; Subhasree and Misra , 2013 ; Liisa, 2011).

Lei et al (2014), Lim et al (2012) and Divina (2012) asserted that work-family imbalance can yield negative impact on both in-role performance and extra-role performance, but if the employee experiences work-family balance, this experience will generate feelings of loyalty to organization, and increase the morale and affective commitment level. This because the employees become strongly attached to their organizations when their needs and expectations are satisfied. According to them, work-family balance satisfies the employees' psychological demands to maintain the balance between work and family.

Meanwhile, relatively few studies have specifically focused on work-family balance based on gender and marital status. This represents - in the researcher point of view - a critical gap in work-family research especially after the global trend in increased female labor force participation coupled with the prevalence of dual-earner ,single parent families and the increase in the educational level among the employees. Many studies have either conducted with exclusively female samples or have ignored gender and marital status in the analysis

(Georgeta and Michaela, 2013; Christene et al, 2013). In addition, most of the studies to date on work-family balance have been conducted in the United States of America and other western countries that do not share cultural characteristics and organizational structures and policies with the underdeveloped countries – especially the Arabic ones.

Research Problem

Since research on the work-family interface has been precipitated by the negative consequences of work - family conflict on the individual and the organizational outcomes. And despite the favorable outcomes of work-family balance and increased interest in this topic, less attention has been made on what effect work-family balance has on the employee's attitudes and behaviors. In addition, several researchers have pointed out that the effect of work-family balance on employee's attitudes and behaviors is still unclear and have called for more in-depth research studies.

Consequently, the main goal of this study is to investigate the psychological and behavioral outcomes of work-family balance. Thus, the research problem can be illustrated in the following questions:

- a) What is the nature and meaning of work-family balance and what is the difference between it and other related concepts?
- b) What are the expected psychological and behavioral outcomes of work-family balance?
- c) What are the expected relationships between work-family balance and organizational commitment, organizational citizenship behavioral, life satisfaction, job involvement and the intention to leave (TO intention)?
- d) What is the impact of gender and marital status on these relationships?

Research Objectives

This research mainly aimed at:

- a) Exploring through the literature survey the meaning and nature of work-family balance and developing a more rigorous, theoretically and empirically informed understanding of work-family balance, and differentiating it from the related concepts such as work-family conflict and work-family enrichment.
- b) Figuring out some of the relationships between work -family balance and some of its psychological and behavioral consequences (outcomes).
- c) Identifying the role of gender and marital status in the relationship between work-family balance and its different psychological and behavioral consequences.
- d) Providing some recommendations that can help the responsible people – in the different organizations in general and the three communication companies in particular in developing the appropriate policies and programs for enhancing work-family balance positive outcomes and to eliminate the negative ones.

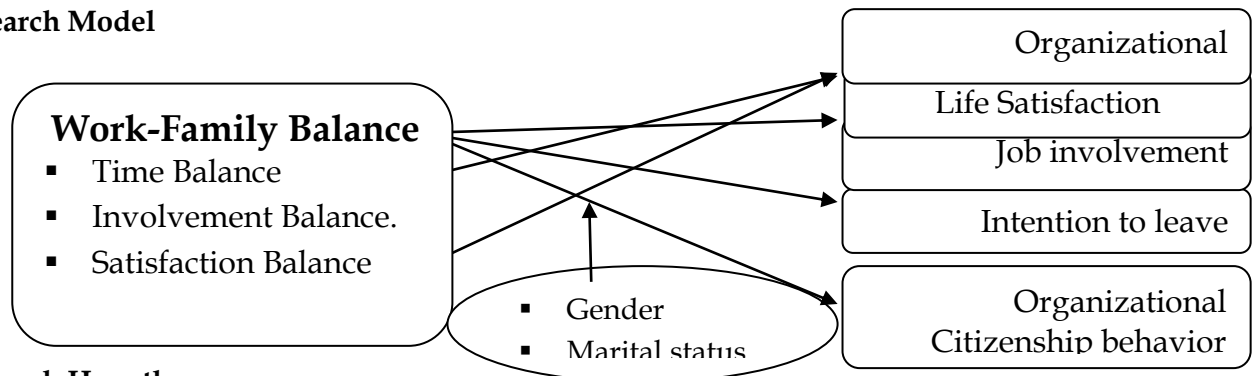
Research Importance

The importance of this research springs from the following:

- a) Theoretically, research on work-family balance is needed in order to highlight the theoretical framework for this concept and differentiate it from the other related concepts such as work-family conflict and work-family enrichment.
- b) Practically , research on work-family balance and its consequence outcomes is urgently needed because the nature of to-days modern workforce that is characterized by higher rate of labor market participation by women , longer

- working hours , work intensification , emerging technology , global competitive market and an increase interest in personal lives and family values.
- c) It is important due to the growing number of organizations that have implemented family- response human resource policies and practices. A more complete understanding of work-family balance will provide these organizations with the knowledge -base to design more effective policies to promote the work-family balance of the growing number of employees who has family responsibilities.
 - d) It is especially important in Egypt due to the growing number of highly educated women who participate in different sectors such as: the technical, academic, professional, and managerial positions that have been accompanied by steady growth in the dual-earners families. Also, due to the difficult economical conditions in the last few years which necessitate the women sharing in the family income through their work with their husbands.
 - e) It is important as until recently, the issue of work-family balance was conceived as a western idea, but this has radically changed- as for example the Egyptian women have taken up paid employment in contemporary era in order to be part of provision of family needs and to satisfy their self-esteem and self-competence. This in turn put women in positions where family commitments come into serious conflict with the work life.

Research Model



Research Hypotheses

In order to test the proposed conceptual research model, the researcher develops the following hypotheses:

- H1:** There is positive, strong and significant relationship between work-family balance and organizational commitment level.
- H2:** There is positive, strong and significant relationship between work-family balance and organizational citizenship behavior level.
- H3:** There is positive, strong and significant relationship between work-family balance and life satisfaction (quality of life) level.
- H4:** There is negative, strong and significant relationship between work-family balance and turnover intention (intention to leave).
- H5:** There is positive, strong and significant relationship between work-family balance and job involvement level.
- H6:** The demographic variables (such as: gender, marital status) are expected to influence the relationship between work-family balance and its consequences.

Sample and procedure

To test proposed hypotheses empirically, data are obtained from employees working full-time in three telecommunication companies in Egypt. The human resource managers provide a list of employees who are married without young children (under age) and those who have under age children (pre-school) living at home. The survey packages are sent to a proportional stratified random sample (its size is equal 368 employees) which is randomly selected from the provided list with the assistance of human resource managers in the three companies. The sample size is determined based on the statistical equation¹. Attached to each questionnaire there is covering letter that explained the objective of the survey, assured respondents of the confidentiality of their responses, and informed them of the voluntary nature of participation in the survey.

Respondents were informed that the survey's objective is to examine working parents experience of combining work and family roles and how it influences their well-being. Three weeks after the distribution of the questionnaire, a reminder is send to respondents. Completed questionnaires are returned to a designed box in the human resource department. The survey instrument is translated into Arabic because it is the official and native language in Egypt. However, because the scales are primarily developed in English, the survey instrument is pilot tested with a specialized sample of professors in Human Resource and Organizational Behavior. On the basis of the feedback obtained from the pilot test, the researcher rewarded a few of the scales items to ensure clarity.

Of 368 questionnaires distributed, 276 completed and useable questionnaires are returned representing response rate of 75 %.

Measures:

First: the independent variable:

Work-family balance:

Is measured by the scale developed by Carlson et al (2009). This measure consists of six-item scale that are designed to represent the definition developed by Grzywacz and Carlson (2007) of work-family balance that refers to the extent to which an individual is meeting negotiated role-related expectations in both the work and family domains. Therefore , each item includes a reference to the expectations or negotiation of roles (negotiation , expectations, etc.) and each item taps the perspective of an external party to capture what other people expect from the focal individual (people, supervisors , family members ,co-workers). A sample item is "I do a good job of meeting the role expectations of critical people in my work and family life ". The measure used a five-point Likert type scale, where "1" =strongly disagree and "5" = strongly agree. The six items were averaged to create composite measure for work-family balance. All the items are expressed in the positive direction .The Cronbach alpha for this scale is 0.93.

Second: dependent variables:

Organizational Commitment:

In this research, the researcher depends only on what called "the affective commitment" which refers to the commitment that based on the person's identification and involvement with an organization. People with high affective commitment will strongly stay with their organization because "they want to ". This affective organizational commitment is measured by six items scale that has been developed by Meyer and Allen (2011). A sample item is "I really feel

¹ The sample size (n) = $N/1+N(e)^2$, where N=population; n=sample size; e =degree of tolerable error (5%); 1=constant.

as if this organization's problems are my own ". The measure used 5- point Likert type scale where "1" =strongly disagree, and "5"= strongly agree. The Cronbach alpha for this scale is equal 0.90. All the items are coded in the positive direction.

Organizational Citizenship Behavior

Organizational citizenship behavior is measured by using Van Dyne and Lepine (1998) scale that consists of ten items. It is designed to look at the five main components of organizational citizenship behavior .A sample item is "I usually help others when they have heavy workload ". The measure used 5-point Likert type scale, where "1"= strongly disagree, and "5" = strongly agree. All the items are expressed in the positive direction. The Cronbach alpha for this scale is equal 0.82.

Life satisfaction (quality of life)

To assess life satisfaction (the quality of life), respondents are presented with seven bipolar items that describe "how you feel about your present life" such as: Boring- interesting; miserable-worthwhile; empty-full; disappointing - rewarding; hard- easy. This measure is developed by Staines, Pottick, and Fudge (1986). Each bipolar item is answered on a 5- point scale , where "1" represents the negative phrase on the left (e.g. boring) and "5" represents the positive phrase on the right (e.g. interesting). Responses to the seven items are averaged to produce the quality of life (life satisfaction) score. The Cronbach alpha for this measure is equal 0.91.

Intention to leave (TO)

The intention to leave is measured with a three -items scale developed by Seashore et al (1982). An example for this scale is "It is likely that I will actively look for a new job in the next year". The measure used 5 point Likert type scale, where "5" = always and "1" = never, and all the items are expressed in the positive direction. The Cronbach alpha for this scale is equal 0.92.

Job involvement

Job involvement is defined as the extent to which people identify themselves with their jobs. It is measured by using the measure developed by Buchanan (1974). This scale consists of six items. A sample item is "The major satisfaction in my life comes from my job". The measure used a 5-point Likert type scale, where "1" =strongly disagree and "5" =strongly agree. Meanwhile, all the items are expressed in the positive direction. The Cronbach alpha for this scale is equal 0.89.

Data Analysis and Results

The provided data by participants are processed with the SPSS program, version 16.0. Descriptive statistics is used to have an overview of the demographic characteristics of the respondents. The descriptive statistics indicate that 53 %(146) of the respondents are males and 47 %(130) are females. With regard to the marital status, the statistics indicate that 99.6% of the sample is married and that 36% of them do not have under age children while 64% have under age children. The average number of children under age (pre-school) is 1.41 (the range of their age equal one to four years). Also, it indicated that the average age for the respondents is 36.5 years. In terms of the educational level, the statistics indicate that 52% of the respondents have a bachelor degree, 36% have a postgraduate degree and last 12 % have technical high school diploma.

To determine the reliability of the used measurement scales that are used for measuring the research variables and the direction of the relationships between the dependent and independent variables, Pearson Correlation technique is used to calculate the alpha coefficients

of the scales and the correlation coefficients. Meanwhile, the correlation coefficients are computed for the total sample and the following sub-samples:

Males and females;

Married without young children and those married with young children.

The primary purpose behind computing the correlation coefficients for these sub-samples is to determine the major impact of the two demographic variables (gender and marital status) on the relationship between the independent and dependent variables. In addition, Z-test is used to test the level of significance of the differences between the correlation coefficients for the sub-samples.

Table (1) summarizes means, standard deviation and the reliability coefficients (Alpha) of the used scales in the study. The data in this table show that the used scales for measuring the independent and dependent variables are highly reliable with Cronbach alpha coefficient values above conventional minimum value of 0.70. This means that there is high internal consistency level among the scales' items used in this study.

Variables	Mean	SD	Cronback α	No. of items
Work-family balance	3.37	0.53	0.85	6
Organizational Commitment	3.33	0.66	0.87	6
Organizational Citizenship behavior	3.59	0.52	0.90	10
Life satisfaction	3.41	0.67	0.92	7
Intention to leave (TO intention)	3.43	0.62	0.89	3
Job involvement	3.35	0.64	0.87	6

Table (1) Descriptive Analysis, Cronback's alpha for the study variables measurements.

Table (2) shows the results of the correlation analysis for the independent and dependent variables of the research on the total sample. The results in this table indicate that:

1. Organizational commitment is positively and significantly related to work-family balance as "r" is = 0.432 ($p < 0.001$). This means that **H1 is strongly supported at high significant level.**
2. Organizational citizenship behavior is positively related to work-family balance at high significance level as "r"=0.478 ($P < 0.001$). This means that **H2 is strongly supported at high level of significance.**
3. Life satisfaction and work-family is positively and strongly related to each other at high significance level as "r" =0.542 ($P < 0.001$). This means that **the third research hypothesis (H3) is strongly supported at high significance level.**
4. Job involvement and work-family balance is positively and strongly related at high significance level as "r" is =0.520 ($P < 0.01$). This means **that the forth (H4) hypothesis is strongly supported at high statistical significance level.**
5. The intention to leave (TO intention) and work-family balance is negatively related to each other as "r" is = - 0.210 ($P < 0.05$). This means that **(H5) is significantly supported.**

Variables	(1)	(2)	(3)	(4)	(5)	(6)
Work-family balance	---					
Organizational commitment	0.432**	----				
Organizational citizenship behavior	0.487***	0.399**	----			
Life satisfaction	0.542***	0.452**	0.422*	----		
Intention to leave (TO intention)	-0.210*	-0.542**	-0.398*	0.401**	---	
Job involvement	0.520**	0.487***	0.431**	0.411*	0.452**	---

*** = $P < 0,001$; ** = $P < 0,01$; * = $P < 0,05$

Table (2) Pearson's Correlation Coefficients Matrix for Study Variables, n=276

Meanwhile, when gender and marital status are taken into consideration in the correlation analysis for the independent and dependent research variables, the results that are shown in table (3) indicate **that the six research hypothesis (H6) is strongly supported at high level of statistical significance as:**

1. The males and the married employees without young children are more committed to their organizations than the females and the married employees with young children. The correlation coefficients for males = 0.460 ($p < 0.01$); for females = 0.350 ($p < 0.05$); for married without young children = 0.520 ($p < 0.01$); and for married with young children = 0.311 ($p < 0.05$). However, through utilizing the **Z-test** of independent correlations and computing the conventional coefficients (between work-life balance and organizational commitment for males, females, married without young children, and those married with young children). The results of the test indicate that the difference between males and females and the difference between married employees without young children and who are married with young children **are significant** as **Zt** for males and females is =2.220, and for married without young children and married with young children is= 2.01 and both of them is greater than +,- **1.96** the critical value for 0.05 level of significance.

Variables	Gender		Marital Status	
	Female	Male	Married -1	Married-2
Work-Family Balance	0.341**	0.411**	0.512***	0.290*
Organizational Commitment	0.350*	0.460*	0.520**	0.311*
Organizational Citizenship Behavior	0.280*	0.330*	0.421*	0.320**
Life Satisfaction	0.365**	0.387*	0.501**	0.330***
Intention To Leave (TO Intention)	-0.230*	-0.201*	-0.236*	-0.240*
Job Involvement	0.350*	0.422**	0.353***	0.250*

Married-1= Married with no children, Married-2= Married with 1to 4 young Childs
 *** = $P < 0.001$, ** $P < 0.01$, * = $P < 0.05$

Table (3) Pearson correlation coefficients for the relationship between the studies variables moderated by gender and marital status

2. The relationship between work-family balance and organizational citizenship behavior is relatively higher for males than females, and for those who are married without young children than for those who are married and have young children. The correlation coefficient for males = 0.330 ($p < 0.05$); and for females = 0.280 ($P < 0.05$); for those married without young children = 0.421 ($P < 0.05$), and for those married with young children = 0.320 ($P < 0.01$).

Through utilizing **Z-test** of independent correlation and computing the conventional coefficients at 0.05 level of significance , the results indicate that the differences in the relationship between work-family balance for males and females and for who are married without young children and who are married with young children **are not statistically significant**.

3. Work-family balance and life satisfaction (quality of life) is positively related to each other but there is no much differences in this relationship between males and females as " r " for them respectively are equal: 0.387 ($P < 0.05$) and 0.365 ($P < 0.05$) . But there is

much difference in this relationships between who are married without young children and those who are married with young children as "r" for the first group=0.501 ($P < 0.01$) and for the second =0.330 ($P < 0.001$).

In order to figure out whether the differences between the females, males, married without young children, and married with young children are significant or not, the researcher used **Z-test** of independent correlation and computing the conventional test of difference between the correlation coefficients for this relationships. The obtained results showed that the difference between males and females is **not statistical significant**, while the difference between the married without young children and the married with young children is **statistically significance**. **Zt** was equal to **2.431** which is greater than **+or - 1.96**, the critical value for **0.05** level of significance.

The relationship between work-family balance and the intention to leave (TO) is negatively related to each other but there are slightly differences in this relation between males and females and between the married employees without young children and those who are married with young children. The correlation coefficients for: females = - 0.230 ($P < 0.05$); for males = - 0.201 ($P < 0.05$); for married without young children = -0.236 ($P < 0.05$); and for married with young children is = -0.240 ($P < 0.05$). However, through utilizing **Z-test** of independent correlation and computing the conventional coefficients at 0.05 level of significance as a criterion for the judgment, the obtained results indicate that: (a) the difference between females and males is **not statistically significance** as **Zt** is equal **1.121** which is less than **+,- 1.96**, the critical value for **0.05** level of significant ;(b) the difference between those who are married without young children and those who are married with young children is **not statistically significance** as **Zt** is equal to **1.010** which is less than **+,- 1.96**, the critical value for **0.05** level of significance.

4. The relationship between work-family balance and job involvement is positively related to each other, but the results shown in table (3) indicate that relationship for males and those who are married without young children is different than that for females and those who are married with young children. The correlation coefficients for: males is=0.422 ($P < 0.01$); for females is = 0.350 ($P < 0.05$); for the married without young children is =0.353 ($P < 0.001$), and for the married with young children is =0.250 ($P < 0.05$). In order to figure out whether these differences are statistically significance or not, the researcher utilizes **Z-test** of independent correlation and computing the conventional coefficients at 0, 05 level of significance as a criterion for the judgment. The obtained results indicate that :(a) the difference between males and females is **statistically significance** as **Zt** is =2.230 which is greater than **+, - 1.96** the critical value for 0.05 level of significance., (b) the difference between the married without young children and the married with young children is **statistically significance** as **Zt** is= 2.102 which is greater than **+, - 1.96** the critical value for 0.05 level of significance.

Discussion

The main thrust of this research is to articulate how work-family balance affects organizational commitment, organizational citizenship behavior, life satisfaction, job involvement and the intention to leave among the employees working in the three telecommunication companies in Egypt. The data analysis and the obtained results from it revealed that:

First: All the used scales for measuring the independent and dependent variables are valid and highly reliable with Cronbach coefficients above conventional minimum value of 0.70.

Second: There is strong and significant support for all the five developed hypotheses. Most of the correlation coefficients are highly significant, and this means that the relationship between the independent and dependent variables are real relations. This means that there is positive and significant relationship between work-family balance and organizational commitment, organizational citizenship behavior, life satisfaction, and job involvement while there is negative relationship between work-family balance and the intention to leave among the employed employees in the three companies.

These results are consistent with the findings of **Jell et. al.** (2014), **Hye** (2014), **Ong** and **Jeyaraj** (2014), **Subhas** and **Misra** (2013) as they assert that work family imbalance can yield negative impact both in-role performance and extra- role performance. This means that- according to this study- if the employees in these three companies experience work-family balance, this experience will:

- a) Increase their affective commitment and attachment level to their organizations as this experience generates strong feelings of loyalty and morale to their organizations as their needs and expectations are satisfied.
- b) Increase their tendency to have extra- role behavior as they have high levels of altruism (helping others), conscientiousness and sportsmanship (focusing on the positive side of the issues).
- c) Increase their quality of life (well-being) because their involvement in the multiple roles (work and family) will protect or buffer them from the effects of negative experiences in any one role of them. In addition, the balanced employees will experience less role overload, greater role ease and less depression than their imbalanced counterparts.
- d) Also, a balanced involvement in work and family roles may reduce chronic work-family conflict because balanced individuals are fully engaged in both roles and they do not allow situational urgencies to hinder role performance chronically.
- e) Increase their psychological involvement in their jobs which acts primarily as a sensitizer to interference effects and making the employees more aware of the problems within their jobs. The balance between the work and family demands will allow them to better cope with work related issues and family requirements as their needs and expectations are satisfied and confirmed.
- f) Decrease the employees' intention to leave their current jobs and organizations. This may attribute to high well-being level and having high total level of satisfaction across work and family roles.
- g) **Third:** Gender and marital status have an effect on the relationship between work-family balance and its consequences. The relationships between work-family balance and organizational commitment, organizational citizenship behavior, life satisfaction, and job involvement are low among females and the married with young children than males and the married without young children, while it was high with regard to the intention to leave. These results may be attributed to:
- h) According to the "Gender and social role theory", females and the married with young children are more likely to see family role as critical part of their social identity than males and the married without young children do. Moreover, as females and the married with young children roles in the workplace have increased, the expectations placed upon them in the family role have not diminished. Thus, when work impinges on family demands, females and the married with young children are more likely to develop a negative attitude toward their work context as it is viewed as more threatening to their central social role.

i) The male-oriented culture that characterized many of the organizations in Egypt and the continuous increase in the number of highly educated females coupled with inflexible work hours, lower level of economical status for most of the Egyptian families and the absence of child care facilities constitute impediments rather than sources of support for employed mothers. Therefore, they tend to impose some restrictions on their career aspirations or personal achievements for family reasons. Specifically the researcher argued that "keeping a low profile" in one's career enable those females and the married with young children to be both in the world of work and family. They are working in a sense, to use their education or training to satisfy their self-esteem and to bring their salary home for the family, that is, to look after the needs of the family and continue to perform their traditional roles.

Conclusion

Helping workers balance their work and family lives is increasingly viewed as a business and social imperative. Thus, successfully combining work and family became a major issue for the labor force and for the labor market in attracting and retaining high quality workers. Consequently, the achievement of work-family balance became one of the most important dilemmas for the current and future generations.

The main aim of this research is to figure out the main consequences of work-family balance among the working employees in the three telecommunication companies in Egypt. The findings indicated that:

- a) There is strong, positive and significant relationship between work-family balance and organizational commitment, organizational citizenship behavior, life satisfaction and job involvement levels.
- b) There is strong, negative and significant relationship between work-family balance and the intention to leave level.
- c) There are some difference among females, males, married with young children and the married without young children regarding the relationship between work-family balance and its psychological and behavioral consequences.

Its implications

In light of the results of this study, there are some practical implications to be considered:

- a) The results suggest that organizations cannot optimize the employee's satisfaction without considering non-work influences.
- b) In today's global marketplace, as companies aim to reduce cost, it is necessary to understand the critical issue of work-family balance and to champion work family programs that offer a win-win situation for employers and employees.

Recommendations

1. It is recommended for companies that face work-family imbalance to introduce flexible work schedule programs as research proved that flexible working schedule programs bring positive impact on workforce in form of their retention, commitment, ease of work, satisfaction, involvement and performance.
2. There must be workplace support in the form of cooperation with employees who face work-family conflicts. Work place support help the organization coping with work family imbalance issues. It is possible to accomplish this through family friendly policies, supervisory supportive practices and the existence of family oriented benefits or outcomes. These family oriented benefits contribute as motivational aspects among employees who are suffering contradiction between work and family demands. Examples for family oriented benefits: (a)

family related remuneration, (b) work off opportunities for individuals to spend appropriate time with family, (c) maternity leave for females with young children and child care program.

3. Since the work force are facing imbalance between work and family roles and there is strong needs for minimizing it, therefore, work-family awareness programs must be developed.

Limitation

All of the correlations that are presented in the study are drawn from cross-sectional and self-reported data. The biggest problems with self-report and cross-sectional researches are the potential for the inflation of correlations and the inability to make firm inferences of causality.

References

- Abigail, G., Susan, M., and Polis, S. (2013), Work-life balance in times of economic crisis and austerity, *International Journal of Sociology and Social Policy*, 33, 9-10, pp.528-541.
- Allen, T. D.(2013),The work-family role interface : a synthesis of research from industrial and organizational psychology , in Weiner,I.B.(ED), *Handbook of Psychology 2nd (ED)*, John Wiley and Sons , New York, NY,pp. 698-718.
- Allen,T.D., Shockley , K.M. ,and Biga, A. (2010), Work and family in a global context , in Lundby , K.(ED) , *Going global : practical applications and recommendations for HR and OD professionals in the global workplace* , Jossey-Bass, San Francisco , CA, pp.377-401
- Amstad , F. T. , Meier , L.L. ,Fasel , U., Elfering ,A. ,and Semmer ,N.K. (2011), A meta -analysis of work-family conflict and various outcomes with a special emphasis on cross-domain vs. matching domain relations , *Journal of Occupational Health Psychology* ,16,2,pp.151-169.
- Anwar, A. and Shadzah, E. (2011), Impact of work life conflict on perceived employee performance: evidence from Pakistan, *European Journal of Economics, and Finance, and Administrative Science*, 31, pp. 1450-2275.
- Anxo, D. Franz, C., and Kummer Ling, A (2013) Working time and work life balance in a lifecourse perspective, *European Foundation for the improvement of living and working conditions*, Dublin.
- Aslam ,B. S. , Shumaila , M.Azhar , and S. Sadaqat (2011) ,Family conflict : relationship between work life conflict and employee intention , *Journal of Research in Business* ,1 ,2 ,pp.18-29.
- Botero, I.C. (2012), Enhancing our understanding of work-life balance from a communication perspective: important considerations for future research, In Salmon, CCED communication year book, v.36, Routledge, New York, NY, pp.231-235.
- Buchanan, B. (1974), Building organizational commitment: the socialization of managers in work organizations, *Administrative Science Quarterly*, 19, pp, 533-546.
- Carlson, D.S., Grzywacz, J.G., and Zivnuska, S. (2009), Is work-family balance more than conflict and enrichment? *Human Relations*, 62, 10, pp.1459-1486.
- Cegarra-leiva , D., Sanchez-Vidal, M.E., and Cegarra-Navarro,J.G.(2012), Understanding the link between work life balance practices and organizational outcomes in SME's , *Personnel Review*, 41, 3, pp.359-379.
- Christene , A.G. ,Louise, M.W., and Peter ,C.S.(2013), An exploration of the psychological factors affecting remote E- worker's job effectiveness , well-being and work-life balance , *Employees Relations* , 35 ,5 , pp.527-546.
- Claudia, S.W., and Alexandra, K.W. (2012), Challenges of work life balance for women physicians and mothers working in leadership positions, *Gender Medicine*, 9, 4, pp. 25-32.
- Darcy, C., McCarthy, A., Hill, J., and Grady, G. (2012), Work-life balance, one size fits all? An exploratory analysis of the differential effects of career stage, *European Management Journal*, 30, pp. 111-120.

- Divina, M.E. (2012), Innovative work-life balance strategies of Filipina entrepreneurs: new evidence from survey and case research approaches, *Procedia- Social and Behavioral Sciences*, 57, pp. 201-208.
- Frone, M.R. (2003), Work-family balance, In J.C. Quick and L.E. Ettrick (Eds), *Handbook of occupational health psychology*, Washington: DC. American Psychological Association ,pp. 143-162.
- Georgeta, P., and Mihaela, S. (2013), Marital status and work-life balance, *Proceda - Social and Behavioral Sciences*, 78, pp. 21-25.
- Greenhaus, G. H., and Allen, T.D. (2010), Work-family balance: a review and extension of the literature, In Tetrick, L. and Quick, J.C. (EDs), *Handbook of occupational health psychology (2nd Ed.)* American Psychological Association, Washington, DC, pp.165-183.
- Grzywacz, J.G. and Carlson, D.S. (2007), Conceptualizing work-family balance: implications for practice and research, *Advances in Developing Human Resources*, 9, pp. 455-471.
- Henning , M., Gaterman ,D., and Hagglund ,A.E. (2012) ,Pros and cons of family policies for mothers' labor market participation , *International Journal of Sociology and Social Policy* ,32, pp.502-512.
- Hye, K.K. (2014), Work-life balance and employees' performance: the mediating role of effective commitment, *Global Business and Management Research: An international Journal*, 6, 1, pp.37-51.
- Jill, R., Hemle, I.C., Botero, D.R., and Seibold, A. (2014), Factors that influence perceptions of work-life balance in owners of copreneurial firms, *Journal of Family Business Management*, 4, pp.110-132.
- Kassel, E.E., Ruderman, M.N., Braddy, P.W., and Hannum, K.M. (2013), Work- nonwork boundary management profiles: a person centered approach, *Journal of Vocational Behavior*, 81, 1, pp.112-128.
- Kim, S.M. (2012), a study on women resources utilization: Introduction of work-life balance policy, Unpublished Master's Thesis, Keimyung University, Korea.
- Kirby, E.L., and Buzzanell , P.M. (2014) , Communicating work-life issues , In Putnam ,L.L. and Mumby , D.K.(EDs) , *The SAGE Handbook of organizational communication* , *Advances in Theory , Research and Methods* , SAGE, Thousand Oaks , pp.351-373.
- Kwan ,H. K., Lau, V. P. ,and Au, K. (2012), Effects of family -to-work conflict on business owners : the role of family business , *Family Business Review* ,25 ,2,pp.178-190.
- Lei, W. U., Binahaya , R., Nancy , C. and Mary ,L.M.(2013) ,Relationships between work-life balance and job related factors among child welfare workers , *Children and Youth Services Review*, 2, p.. 1447-1454.
- Liisa, M.V.S.H. (2011), Lives of female expatriates: work-life balance concerns, *Gender in Management: An International Journal*, 29, 4, pp. 256-274.
- Lim, D.H., Song, J.H. and Choi, M. (2012) Work family interface: effects of enrichment and conflict on job performance of Korean workers, *Journal of Management and organization*, 18, 3, pp.388-397.
- Meyer, P.J., and Allen, D.J. (2011), Testing the side bet theory of organizational commitment: some methodological consideration, *Journal of Applied Psychology*, 91, pp. 372-378.
- Michel, J.S., Kotrba, L.M., Mitchelson, J.K.,Clark, M.A., and Battes ,B.B.(2011) ,Antecedents of work family conflict : a meta analytic review ,*Journal of Organizational Behavior* ,32,5,pp.689-725.
- Moen, P. (2011) Work and work-life balance, Paris course and fit: five challenges to the field, *Community, Work and Family*, 14, 1, pp.81-96.

- Muhamad, K.O. (2013), Non standard work arrangements and affective commitment: the mediating role of work-life balance, *Procedia - Social and Behavioral Sciences*, 107, pp.4-12.
- Nwosu, H.E. (2014), Work-life balance and organizational productivity : an evaluation of work-life inhibiting factors on the productivity of employees in agricultural sector in Nigeria, *The International Journal of Business and Management* ,2,10 ,pp.20-29.
- Ollier-Malaterre, A. (2010), Contributions of work-life and resilience initiatives to the individual / organization relationship, *Human Relations*, 63, pp. 41-62.
- Ong, H.L.C., and Jeyaraj, S. (2014), Work-life interventions: differences between work life balance and work life harmony and its impact on creativity at work, *SAGE Open*, 20, 4, pp.1-11.
- Rashid , S. , Rab , N. L. , Khalil , A.A. , Zahid , M., and Moeed ,A. (2013) Work life balance and stress with turnover rate of the employees , *World Applied Sciences Journal* , 26 ,6 pp. 834-839.
- Ryu, H.J. (2011), a study on the quality of life in employee's work-family balance and conflicts, unpublished master thesis, Ulsan University, Korea.
- Sally, Khallash. And Martin, Kruse. (2012), The future of work and work-life balance 2025, *Futures*, 44, pp. 678-686.
- Sakthivel, R., Kamalo, N., and Selvanan, T. (2011), Work life balance reflection on employee satisfaction, *Serbian Journal of Management*, 6, 1, pp.85-96.
- Seashore, S.E., Lawler, E.E., Mirvis, P, and Commann, C., (1982) (EDs), *Observing and measuring organizational change: a guide to field practice*, John Wiley, New York, NY.
- Shockley, K.M., and Singla, N. (2011), Reconsidering work-family interaction and satisfaction: a Meta analysis, *Journal of Management*, 37, 3, pp. 861-886.
- Staines, G.L., Pottick, K. J., and Fudge, D.A. (1986), Wives' employment and husbands' attitudes toward work and life, *Journal of Applied Psychology*, 71, pp.118-128.
- (12)
- Stefan, S., and Shiva, S. (2013), Balance between work and life: a qualitative study of German contract workers, *European Journal*, 31, pp. 250-262.
- Subhasree, K., and Misra, E. (2013), Nexus between work life balance practices and employee retention: the mediating effect of a supportive culture, *Asian Social Science*, 9, 11, pp.63-75.
- Rashid ,S. , Rab,N.L., Khalil ,A.A. ,Zahid ,M., and Moeed, A. (2013), Work life balance and stress with turnover rate of the employees , *World Applied Sciences Journal* ,26, 6, pp. 834-839.
- Uzoechi ,N., Babatunde , O.A. (2012), The impact of work life balance on the commitment and motivation of Nigerian women employees , *International Journal of Academic Research in Business and Social Sciences* ,2,39,pp.20-30
- Van Dyne, L.E., and Lepine, J.A. (1998), Helping and voice extra role behaviors: evidence of construct and predictive validity, *Academy of Management Journal*, 41, pp.108-119.
- Williams, J.C., and Boushey, H. (2010), *The three faces of work -family conflict*, Center for American Progress, Washington, DC.

The role of entrepreneurship in economic development in Saudi Arabia

Nadia Yusuf

Nisreen Ismail Albanawi

King Abdulaziz University, Jeddah, K.S.A

Keywords

Consumption Factors; Economic Development; Entrepreneurship; Gross Domestic Product; Saudi Arabia.

Abstract

One of key objectives of modern economics is to determine factors that influence the economic development. This paper, therefore, seeks to discuss entrepreneurship as one of the factors that influence the economy of a nation, either directly or indirectly. It is a fact that entrepreneurship plays a significant part in shaping the landscape of a country's economy. Economists and policy makers recognize this fact. In fact, entrepreneurship is the engine of economic growth and it has come to be perceived as a catalytic agent for expansion and promotion of productive activities in every sphere of global economy life. This research will focus on finding out how entrepreneurship influences the economy of Saudi Arabia. The paper will begin with a brief introduction of the topic before proceeding to present a comprehensive review of literature relevant to the topic. It will then proceed to present an overview of relevant variables used in determining the role played by entrepreneurship in the economy of Saudi Arabia. There will then follow a discussion on the disadvantages of entrepreneurship to the economy. The paper will end with a conclusion summarizing all the keys points discussed, research limitations, and recommendations for further research.

Introduction

Entrepreneurship is generally described as the ability of an individual or a group of individuals to create or discover an opportunity and utilize it to the benefit of the society, which, in turn, will bring success to the innovators and their organization. The relationship between entrepreneurship and economic growth of a country has increasingly gained a lot of interest from economists and policy makers over the years. However, while some view it as a direct relationship, others see it as an indirect kind of relationship. According to Sarkar (2014), this interest has been fueled by the desire to understand how entrepreneurship influences the economy of a country. Both the economists and policy makers recognize the effect of entrepreneurship on the economy of a country. In fact, entrepreneurship has been considered as the engine of economic growth and it has come to be perceived as a catalytic agent for expansion and promotion of productive activities in every sphere of economic life all over the world. According to Sarkar (2014), entrepreneurship spreads through every aspect of economic growth, it does not only drive economic development by introducing new combinations, but it also introduces incremental improvements that exert large cumulative impact over time.

In addition, entrepreneurship continually mixes up newly introduced and already existing productive resources among competing uses hence enhancing the efficiency of allocation (Sarkar, 2014). It also creates the overall prices within which business decisions are made and influences the rules of the game through which production and exchange are carried out (Sarkar, 2014). In developing countries, the process of economic growth is largely dependent on the entrepreneurial activities of the population. The well-planned and well-coordinated activities of entrepreneurs in a nation can bring about a high economic growth rate. In Saudi

Arabia, entrepreneurship is one of the key factors that contribute to the balanced and rapid growth of the country's economy (Kelley, Bosma, & Amorós, 2010). In addition, entrepreneurship may largely contribute to proper utilization of resources, establishment of a developed self-sufficient society, and creation of employment opportunities in Saudi Arabia (Hamod, 2010). This paper discusses how the entrepreneurial spirits of the people living in Saudi Arabia contribute to the rapid development of the country's economy.

Literature Review

Kayed and Hassan (2013) argue that in the face of numerous challenges that confront the economic development course in Saudi Arabia must pursue, or at least consider, a viable diversification strategy in order to deal with such challenges. Some of the diversification strategies that have enabled Saudi Arabia to confront challenges that hinder its economic growth are the promotion of entrepreneurial spirit among its citizens and creation of policies that promote entrepreneurship. In the past, entrepreneurship was rarely practiced in Saudi Arabia due to unfavorable environment like enforcement of contracts and labor issues within the regulatory system in the country and lack of entrepreneurial skills among the citizens. However, following the introduction of entrepreneurial training programs and implementation of favorable policies by the government, the image of Saudi Arabia has changed drastically in respect of entrepreneurship (Thurik, Carree, Stel, & Audretsch, 2008). Now the economic growth rate of the country has increased significantly owing to a large number of entrepreneurs that have emerged, especially in the field of technology. The effort of the Saudi government towards entrepreneurial motivation and development has yielded a positive impact on the country's economy. Kayed and Hassan (2013) believe that because of the environment that is favorable for entrepreneurship, Saudi Arabia currently has a huge number of new breed of entrepreneurs that is gradually shaping the country's economic landscape. According to Sarkar (2014), these devoted male and female entrepreneurs are 'pushing the envelope' in their individual communities and defying old conjectures regarding risk aversion and value creation in the Arab world (Sarkar, 2014).

Faria, Cuestas, and Mourelle (2010) argue that entrepreneurship is the engine of economic growth in Saudi Arabia, and it has come to be perceived as a catalytic agent for expansion and promotion of productive activities in all spheres of economic life in every part of the country. According to Hamod (2010), entrepreneurship is one of the key factors that have contributed to the balanced and rapid growth of the country's economy. Hamod (2010) believes that entrepreneurship in Saudi Arabia has spread through every aspect of economic growth, thus it does not only drive economic development by introducing new combinations, but it also introduces incremental improvements that exert large cumulative impact on the economy over time. In addition, entrepreneurship has largely contributed to proper utilization of resources, establishment of a developed self-sufficient society, and creation of employment opportunities in Saudi Arabia. Kayed and Hassan (2013), assert that entrepreneurs play a major role in the economic growth in Saudi Arabia. With the help of their strong initiative, skill, drive, and spirit of innovation, entrepreneurs have brought significant changes in the process of economic growth. "Entrepreneurs are highly motivated individuals who are always action oriented and prepared to take all risks to attain their economic goals" (Tiwari, 2007).

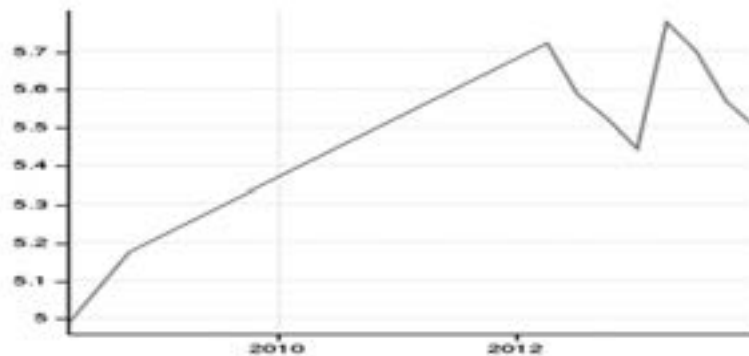
Daniel Smith, in his article titled "The Role of Entrepreneurship in Economic Growth" argues that even though a number of classical factors of economic development influence entrepreneurship in Saudi Arabia, it remains as one of the key factors that influence economic development of a nation (Smith, 2010). He argues, "If there is a single factor that influence

entrepreneurship not included among the classical factors of economic development and entrepreneurship does have an impact on economic development, then entrepreneurship ought to be considered as an additional separate factor of economic development" (Smith, 2010).

Discussion

In a bid to appreciate the role played by entrepreneurship in shaping the economy of a state, the ensuing discussion tries to pursue the practicability aspect of it. In order to understand fully the role of entrepreneurship in economic development, it is prudent to consider it in light of dependent and independent variables. One way in which entrepreneurship contributes to the economy of a country is, rather obviously, through the creation of job opportunities. In many cases, the economic wellbeing of a country is measured by the rates of employment. In Saudi Arabia, the situation is not different. Throughout the years, entrepreneurship has played a key role in shaping the country's economy, a factor which has led it to be rated among the fastest growing economies in the world.

The employment plan of 2014, Saudi Arabia has seen an increase in the level of employment. According to the country's Ministry of Labor, although there has been a slight increase in the number of those who are unemployed, there rate at which people have been recruited for jobs has increased compared to previous years (Muhammad, Nd). Such growth has been majorly attributed to entrepreneurial activities in the country, and in particular, the small and medium size enterprises, which are said to create about thirty five thousand job opportunities annually. The sentiments are shared by the Central Department of Statistics and Information, which, in 2013, produced a report to the effect that the unemployment rate stood at 5.5%. That was a decrease in the unemployment rates, compared to the 6.3% in 2006. Going by the statistics provided at the national level, therefore, there is no doubt as to the role played by entrepreneurship in job creation in Saudi Arabia. The growth witnessed in the private sector has seen many individuals, especially young adults, finding means of earning a living, as illustrated in the figure-1, below.



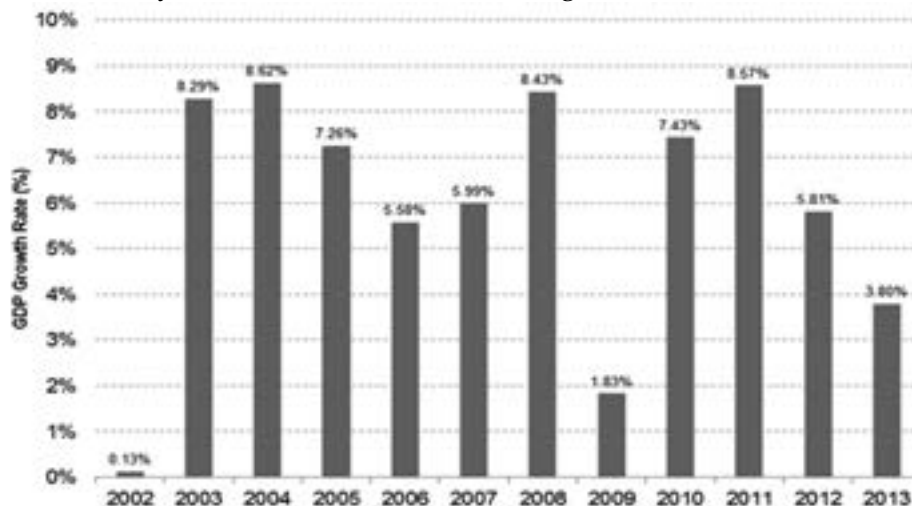
Source: Quandl, 2015

Figure 1. Unemployment Rate in Saudi Arabia

As it can be seen on the graph, the unemployment rate in Saudi Arabia has been on the fall since 2013. Another way in which entrepreneurship has contributed to the development of the economy of Saudi Arabia is through resource and wealth distribution. In previous years, it was only the capital city and a few urban areas, which used to reap the benefits of entrepreneurship. The reason behind this was the fact that most of the large and well-established companies avoided conducting business in rural areas, for the fear that they would incur losses. Consequently, there resulted economic imbalance in the country, since resources and wealth were concentrated in the capital city and a few urban centers.

However, this is no longer the case. The Ministry of Labor, upon realizing this, started various programs to support young entrepreneurs who were willing to start business in rural areas. A good example is the entrepreneur development program, which seeks to identify young talents and mentor them on matters to do with entrepreneurship and economics. As a result, there has been a re-distribution of wealth and resources across the country, hence creating some sort of economic balance, though this is still a work-in-progress.

Entrepreneurship has also played a major role in Saudi Arabia's Gross Domestic Product (GDP) growth rate (Salem, 2014). As economics dictate, the growth of a country is measured by its GDP in one year. Simply put, GDP is the aggregate value of the final goods and services produced in a country within a period of one year. GDP, therefore, reflects the economic status of a country, since it shows how rich or poor a country is at a specific time. In the last few years, there has been consistent GDP growth rate in Saudi Arabia, leaving no doubt that the country's productivity is constantly on the rise, as shown in the figure-2, below.



Source: World Bank, 2015

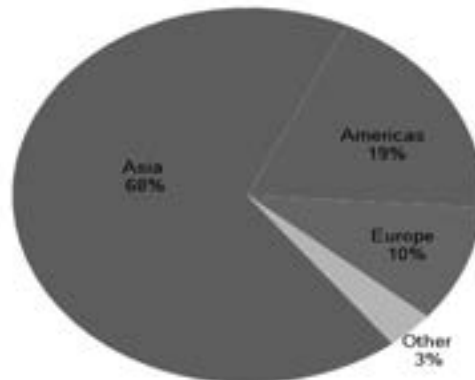
Figure 2. Saudi Arabia Annual GDP Growth Rate

Judging from the figure above, although there have been variations in the growth rate; Saudi Arabia's GDP has always been increasing on an annual basis. The presence of a positive growth works to prove that the value of goods and services produced in one particular year, is always higher than the previous year. Increased productivity in the country is largely attributed to increased entrepreneurial activities compared to the previous years. For instance, young adults have taken up the challenge through innovation, a factor that has intensified competition in the various industries within the economy.

It is highly undisputable that in deed entrepreneurship has greatly contributed to the production of goods and services in Saudi Arabia. In essence, it is through entrepreneurial activities that the major factors of production are brought together in order to produce goods and services. The entrepreneur development programs across the country have acted as a catalyst in unleashing the potential in young adults, something that was not so prevalent about a decade ago.

Increased exports is another result of entrepreneurship in Saudi Arabia. As it is widely known, the country is the second largest producer of oil after Russia, something that has worked to boost its economy (Summers, 2012). Moreover, it is the largest producer and exporter of

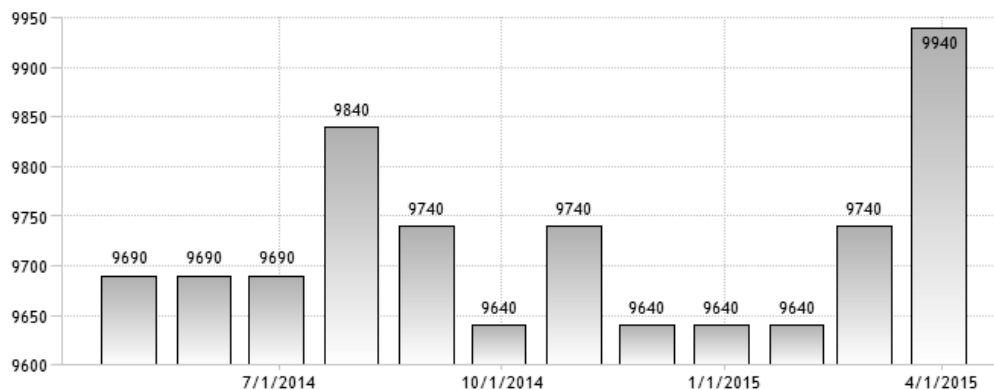
petroleum products in the world. For instance, the figure-3, below shows the external destinations of Saudi Arabian oil in the year 2013.



Source: Global Trade Information Services, 2013

Figure 3. The external destinations of Saudi Arabian oil in the year 2013

The pie chart above clearly shows that majority of Saudi Arabia's export market lies within the Asian continent, with China being the major market. Africa is included among the 3%, reason being most African countries import oil from either the Far East, or West African countries. Just as crucial as the exportation of a major product is to any country, oil production and exportation is the backbone of Saudi Arabia's economy. The country exports seven million barrels of oil a day. Bearing in mind that one barrel of oil goes at about \$125, the contribution it has to the economic growth and stability of the country cannot be underestimated. The figure-4, below serves as prove of the increased oil production in 2015.



Source: Trading Economics, 2015

Figure 4. Saudi Arabia Crude Oil Production

A keen observation from the figure above indicates that during the month of April 2015, the barrels of oil produces in the country are the highest in the last one year. The increase is highly attributed to the increased investments in the oil production industry, which has seen many entrepreneurs take risks to invest their capital towards oil production (Alhajji, 2015).

Largely also, entrepreneurship has promoted creativity and innovation in Saudi Arabia (Alsodais, 2013). One major advantage of entrepreneurship, not only in Saudi Arabia, is that it promotes creativity and innovation in the country. In fact, the desire to produce goods and services different from the ones already existing in the market is always the driving force behind entrepreneurship. Identification of a market niche is followed by creativity and innovation, since the product, which an entrepreneur is anticipating to introduce in the market has to be of a unique nature.

The economic wellbeing of Saudi Arabia largely depends on the value of its products in the international market. The value of a country's products in the international market depends on their quality as compared to products of the same nature from other countries. Saudi Arabia's economy has been growing consistently, thanks to the competitiveness of its products at the international market. Increase in entrepreneurial activities in the country is what has yielded such results, hence stabilizing the economy of the country. This is because the increase in innovation has led to improved technologies, which are used in the production of large quantities of quality goods and services. Innovation is closely related to the creation of new markets, which is another role played by entrepreneurs in the economic development of Saudi Arabia. As earlier discussed, the desire of entrepreneurs is to succeed in the market. However, due to the congestion in the Saudi Arabian market, many entrepreneurs opt to penetrate external markets, hence clearing the way for products that are locally manufactured. The rate of new markets creation in this context is a dependent variable that relies on entrepreneurship, in that the more players there are in the economy, the more new external markets will be created.

Another key role played by entrepreneurship in shaping the economy of Saudi Arabia is the improvement of living standards. As earlier discussed, entrepreneurship facilitates the creation of jobs in the country, a factor which creates income to individuals. Because of the increased income, individuals gain more purchasing power, and hence are able to purchase the goods and services available to them through the market. This is based on the economic assumption (Keynesian theory) that expenditure increases with income. In such a case, expenditure is a dependent variable that depends on income as the independent variable, as shown in the figure-5 below.

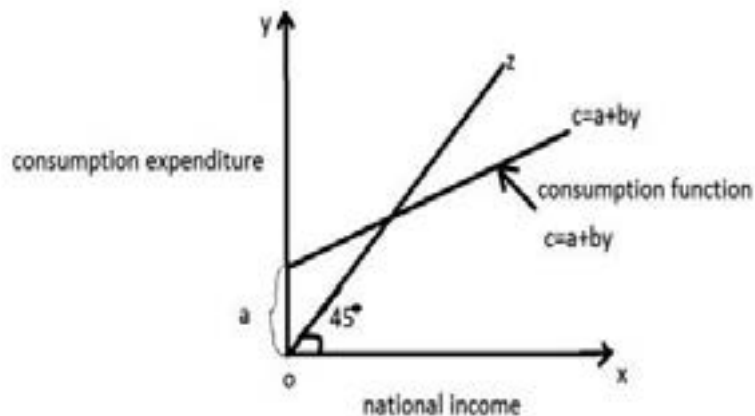


Figure 5. The Consumption factor

In the figure above, the X-axis represents the national income, what can also be considered earnings of individuals, while the Y-axis represents expenditure. Curve "z" suggests that the relationship between income and expenditure is directly proportional in that, an increase in income leads to an increase in expenditure. However, it should be noted that in this case, the x-axis represents the independent variable and the y-axis represents the dependent variable. The result is that the economy of the country is boosted by a large extent.

Finally, another important aspect about entrepreneurship is that it is a source of government revenue. This is achieved in a number of ways, for example, the taxes levied on the locally produced goods and services, as they enter the market. Saudi Arabia's economic growth is attributed to the increased annual revenues collected by the government. This is due to the increased scales of production, due to an increment in the entrepreneurial activities in the

kingdom. Another way of earning government revenue is through the excise duty taxed at the port when entrepreneurs are importing raw materials, machinery and other products from the external market into the country. The benefits of all these are usually reflected in the country's economy.

Shortcomings of Entrepreneurship on Economic Development

As much as entrepreneurship plays a significant role in the economic development of Saudi Arabia, there are also ways in which it undermines the growth of the economy. One of the ways in which it impacts undesirably on the economy, is the inflation. Simply defined in economic terms, inflation refers to an instance in the economy of a country, where there is too much circulation of its currency in the economy. An entrepreneurial culture in a state creates a situation whereby people are willing to invest in the production of local goods and services. For instance, the most commonly produced goods in Saudi Arabia are petroleum related. Since petroleum is the most readily available resource, almost all the entrepreneurs produce goods of the same nature. In order to be able to sell their products in the competitive markets, some will be willing to sell less than the true value, hence leading to inflation in the country.

The other shortcomings of entrepreneurial activities in Saudi Arabia is environmental degradation. As entrepreneurs invest in production, they end up over-exploiting the natural resources to depletion. Such resources include the mineral resource (copper and gold), oil and water. This has seen the government come up with various policies in order to control the level of natural resource exploitation, to safeguard the future generation. The danger of over-exploitation of natural resource is that it places the future of the country's economy in jeopardy, since there might be no more natural resources in future from which to produce. Therefore, if not well regulated, entrepreneurship may cause the economy more destruction than that which is fathomable.

Conclusion

Up to this point, it is worth appreciating the key role played by entrepreneurship in the development of the economy. In some instances is direct while in others it can be indirect (Bathelt, 2001). The bottom line is that it is such a crucial factor that cannot be ignored. The government of Saudi Arabia, therefore, should endeavor to promote an entrepreneurial culture in the country. There are so many young talents willing to take up the challenge. However, lack of capital and the relevant knowledge and skills acts as deterrents. This paper has majorly focused on the role played by entrepreneurship in the economic growth of Saudi Arabia. This, however, is not exhaustive. On the other hand, the disadvantages of entrepreneurship to the economy should not be ignored either. This is because they pose a great danger to the future of the economy.

There is a great need for the country to promote entrepreneurship through formulation of supportive policies. However, this calls for the policy makers to understand first what factors influence entrepreneurship (Thurik, Carree, Stel, & Audretsch, 2008). The curriculum in the higher institutions of learning should also be structured in a way to incorporate entrepreneurship. Majority of the institution's curriculum have nothing to do with this, and this poses a danger to the future of the entrepreneurship culture in the country. Incorporating entrepreneurial values and principles in school curriculum will work to impart the necessary knowledge and skills among students with regard to self-employment. Such a system has been tested and has been proved to yield results in countries such as China and Japan.

However, it is still not certain as to what extent should such study be incorporated in the learning curriculum. This is one of the important questions should be answered by future research. This research has focused on this relationship, aiming to explore how entrepreneurship influences the economy of a nation. In particular, this paper has sought to discuss how the entrepreneurial spirits of the people living in Saudi Arabia contribute to the rapid development of the country's economy. All the literature reviewed in this study showed that there is direct relationship between entrepreneurship and economic development of a country. This is confirmed by the results from the regression equation, which depicted that entrepreneurship significantly influences the economic growth of a nation.

There is recommended a more expansive and exhaustive future research on this. All the same, the findings of this study are equally important for economists and policy makers in Saudi Arabia as they show that the nation should focus on promoting entrepreneurship as one of enhancing the economic development. The connection between entrepreneurship and economic development of a country has continuously received a lot of from policy makers and scholars across the world. Yet, existing literature presents remarkably diverse views about this relationship.

References

- Alhajji, A. (2015, 4 1). *Saudi Arabia Oil Prices and Shale Energy*. Retrieved from Economia: <http://economia.icaew.com/opinion/april-2015/saudi-arabia-oil-prices-and-shale-energy>
- Alsodais, S. (2013, 9). *Science, Technology and Innovation in Saudi Arabia*. Retrieved from WIPO: http://www.wipo.int/wipo_magazine/en/2013/05/article_0006.html
- Bathelt, H. (2001). Competence and economic Recovery: Divergent Growth Paths in Boston's High Technology Economy. *Entrepreneurship and Regional Development*, 287-317.
- Faria, J., Cuestas, J. and Mourelle, E. (2010), "Entrepreneurship and unemployment: a nonlinear bidirectional causality?" *Economic Modelling*, 27(10), 1282-1291
- GTI. (2013). *Exports Today*. Retrieved from Global Trade Information Services: <http://www.gtis.com/english/>
- Hamod, D. (2010), "Cultivating the entrepreneurial ecosystem in Saudi Arabia", *US-Arab Tradeline*, XVII (1) spring, 1-3.
- Kayed, R. & Hassan, K. (2013). *Islamic Entrepreneurship: Durham Modern Middle East and Islamic World Series*. New York: Routledge.
- Kelley, D., Bosma, N., & Amorós, J. (2010). *Global Entrepreneurship Monitor (GEM)*. Global Report: Babson.
- Muhammad, F. (Nd). *Entrepreneurship in the Kingdom of Saudi Arabia*. Retrieved from Young Saudi Entrepreneurs: <http://saudientrepreneurship.com/>
- Quandl. (2015, March). Saudi Arabia Unemployment Summary. Retrieved from www.quandl.com: <https://www.quandl.com/collections/saudi-arabia/saudi-arabia-unemployment>
- Salem, M. I. (2014). *Building an Entrepreneurial Economy: Evidence From Developing Countries*. Retrieved from International Business and Economic Research Journal: [file:///C:/Users/StarKiss/Downloads/8599-34095-1-PB%20\(2\).pdf](file:///C:/Users/StarKiss/Downloads/8599-34095-1-PB%20(2).pdf)
- Sarkar, S. (2014). *International Journal of Finance and Policy Analysis*. London: Universal Publishers.
- Smith, D. (2010) "The Role of Entrepreneurship in Economic Growth". *Undergraduate Economic review*: Vol. 6: Iss.1, Article 7. Retrieved from: <http://digitalcommons.iwu.edu/uer/vol6/iss1/7>

-
- Summers, D. (2012, 6 10). *How Saudi Arabia Will Influence The Oil Market to Benefit Their Economy*. Retrieved from Oilprice: <http://oilprice.com/Energy/Crude-Oil/How-Saudi-Arabia-Will-Influence-the-Oil-Market-to-Benefit-their-Economy.html>
- Thurik, R., Carree, M., Stel, A. and D. Audretsch. (2008), "Does self-employment reduce Unemployment?" *Journal of Business Venturing*, 23(6), 687-698.
- Tiwari, A. (2007). *Entrepreneurship development in India*. Mumbai: Sarup & Sons Publishers.
- Trading Economics. (2015). *Saudi Arabia*. Retrieved from Trading Economics: <http://www.tradingeconomics.com/saudi-arabia/gdp-growth-annual>
-

The role of female entrepreneurial networks and small business development: a pilot study based on Sri Lankan migrant entrepreneurs of tourism industry in London

H.A.K.N.S.Surangi

Business School, University of Lincoln, UK

Key words

Female entrepreneurs, networking, structural dimension, relational dimension, narratives

Abstract

Over the past few years much has been written about the rapid spread of various types of firm networking, the area of female entrepreneurs' networks and small business entrepreneurship is still a challenging research field. This study aims to explore the role of female entrepreneurs' networks and examine the importance influences for female entrepreneurs' networking behaviour. Pilot studies are mostly under-reported in the qualitative research literature and this article specifically focuses on the pilot study findings. Having established that a qualitative methodology is most suitable for this study, the in-depth narrative interviews and observation are deemed a particularly suitable research tools. For this study, the pilot work was conducted in London prior to the main stage of data gathering in Sri Lanka. Five Sri Lankan migrant women entrepreneurs in London were purposively approached and interviewed. Findings show that the female entrepreneurs' networking experience provides a valuable insight for developing their own small businesses. More specifically, majority of the female entrepreneurs emphasized the purpose-driven nature of their contacts and they organized their networks around the family and social domains rather than professional ties. Further, influences: competing family responsibilities and business matters (being a good mum), gender, trust and running home based business, are important and they affect networking behaviour of female entrepreneurs. This study adds to the extant literature through its two-dimensional focus on entrepreneurial networking. The structural dimension which investigates who are parts of the entrepreneurial networks; the relational side which explores the contributions each tie brings to the entrepreneurial venture. Further, it brings new evidence to bear by examine the importance influences for women networking behaviour by showing how the phenomenon of entrepreneurship is context specific and the findings of the narrative approach to research on female entrepreneurial networks are limited.

1. Introduction

Increasing numbers of women are becoming leaders of their own businesses, and many are struggling to succeed. A growing body of research is exploring how different women come to business ownership, their unique challenges and strategies for success, their personal change and the processes of business development they experience. Networking is an influential tool by which entrepreneurs use a wide variety of contacts to help them achieve their business and professional objectives and it gives them greater access to information, resources, new clients and people with similar business interests so on (Ascigil and Magner 2009, BarNir and Smith 2002). In addition, these relationships facilitate to reduce the firm's risk of failure, take new opportunities and learning (Mastura, Abdul and Muhammad 2009, Klyver, Kevin, and Denny, 2007). Networking is mostly important for women, who generally have more limited access to information and business contacts, whether through various memberships such as trade organisations, business networks and business clubs. Most of the researcher's argument is that development or success of an entrepreneurship or an individual women firm cannot be examined without taking the entrepreneur's personal network into account.

Networks can be defined as personal relationships between an entrepreneur and his 'external actors' (Robinson and Hans 2009). The external actors (outsiders) can be individuals or organizations.

One area of networking literature is weak on is gender (Bird and Brush 2002). Ethnic and gender dimensions of networking stay under-recognized (Rauf and Mitra 2013, Ramachandra and Ramnarayan 1993). In the literature, networking is generally conceptualized gender-blind, paying little attention to gendered intra-household issues of power and hierarchy (Ramachandra and Ramnarayan 1993). The Global Entrepreneurship Monitor United Kingdom Report (GEM, 2004) revealed that ethnic minority women entrepreneurs contribute to family earnings by participating in the family business, or by creating their own independent business. For such businesses the role of networks is critical as many of them depend on both their own communities and outside for financial and non-financial reasons. Their own societies are often considered to be a primary source of help and support for the growth of ethnic minority their businesses. However, some studies have revealed that there are significant differences in entrepreneurial effort and outcomes between and within the individual ethnic minority groups. These differences are described by socio-economic and cultural factors such as family background and support, ethnicity, religion, education, and more importantly personal network. Therefore, it is worthy to study of female minority and especially Sri Lankan female entrepreneurs as they remain a relatively under-researched community in London, UK.

2. Research Objectives and Questions

Researchers have interpreted gender differences in network composition as posing a disadvantage for women in the business world and weak ties are the source of male entrepreneurs' success (Foss 2010, Kristina 2010, Wendy and Jeffery 2001). Women who include greater proportions of kin and female in their discussion networks may secure greater social support than men, but at the cost of sacrificing the necessary instrumental support needed for economic achievement (Klyver 2007, 2011). Social support provides the emotional strength owners and managers need to cope with daily exigencies, but such ties may also limit the diversity and reach of women's networks. Women's networks tend to be more limited and to focus on family and friends whereas male entrepreneurs have wider networks (Chirs et al 2011). Taken that as given, this study attempts to achieve the following objectives.

1. To explore the role of women entrepreneurs' networks on small business performance
2. To examine the importance of factors those are perceived by women entrepreneurs to influence the process of their networking.

To achieve the research objectives, the study seeks the following research questions.

1. Why do women entrepreneurs establish and develop their networks?
2. How do women entrepreneurs form their networks?
3. What is the contribution of each network actors to the development of small businesses?
4. What influences the networking behaviour of female entrepreneurs?

3. Methodology

Given the limited understanding of the role of the women entrepreneurs' networks in the small business development, a qualitative research method will be considered the most appropriate, as it is useful in areas that are not well advanced theoretically. Therefore, this study is exploratory in nature and data are qualitative. Consequently, the research process of this study is inductive rather than deductive. Thus, this study adopts a social constructionist approach to obtain a deep understanding of entrepreneurs' experience of their networks. This qualitative framework and the constructionism stance consequently shaped the research design.

The stress on the social constructionist approach with biographical, narrative, and interpretative analysis enabled the researcher to reveal the contextual entrepreneurs' networking relationships in their lived experiences. In line with Mishler (1996), this study adopts the narrative inquiry as a way of doing case centered research.

4. The Pilot study - Data analysis

For pilot study I conducted five interviews with Sri Lankan women entrepreneurs who are engaging tourism related small businesses in London. The pilot study provided the training a researcher in as many elements of the research process (ex: in interviewing, constant comparison, differences and coding) and gave valuable insights for the researcher. Further, to highlight the benefits of pilot work, it helped to identify the specific practical and methodological problems emerging in the pilot exercise as well as the modifications made for the main study as a result of the pilot work.

The all responses were audio-recorded and accompanied with written notes (ex: field notes) by the interviewer. Written notes contain observations of both verbal and non-verbal behaviours as they happen, and immediate personal reflections about the interview. The women entrepreneurs' networking relationship for their businesses consisting past, present and future intentions narrated in their account have been analyzed and interpreted, and categorized under the important headings of why, how they form networks, what they obtain through networks and what factors that are influencing their network relationships. My analysis of the contents will reveal the similarities and differences across the interviews and the same grasps true for the story formats and ways of narrating.

Entrepreneurs' narratives will be analyzed in this pilot study in an attempt to answer the key questions of why and how women entrepreneurs form their networks, what is the women entrepreneurs' perception of the different contributions network ties make to the entrepreneurial venture? , and what are the influencing factors for women entrepreneurs' process of networking?

With the transcriptions, some key-words were identified and categorized into 4 themes: Why do women entrepreneurs form and develop their networks?; How do women entrepreneurs form their networks?; What is the women entrepreneurs' perception of the different contributions network ties make and develop to the entrepreneurial venture? And what are the influencing factors for women entrepreneurs' process of networking? These key words were then incorporated into a cross-case analysis template.

a) Why do women entrepreneurs form and develop their networks?

The following narratives describe why women entrepreneurs form and develop their entrepreneurial networking during their business life-times.

Networking for obtaining finance and other resources

Women entrepreneurs' narratives revealed that networks matter as they have a lack of resources and that they bring access to tangible and non-tangible resources. The personal networks of entrepreneurs can prove to be a cost-effective means of obtaining information and other resources that is valuable to the business. Female entrepreneurs have particular difficulties in raising finances in the early stages of their businesses and they use their informal networks to raise finances. As Kumudu explains,

When I start this business I do not have enough money, my mother, who also lives in the outskirts of London, gave me £25,000

Gayani showed that she was successful in preparing her own capital sources for her venture as the result of the saving habit but she has to ask from family as that amount is not enough.

I also had some saved-up cash and borrowed some from my father (Gayani)

An extension of meeting the financial necessities of a new business through personal savings is to seek such funding from family, friends and relatives. This might have the benefit of being interest free and no guarantees compared to that of a bank loan. Depending on the relationship and the enthusiasm of the family member or relative to support the business, the repayment of such finance might be flexible and let the business to carry on its service without the added concerns of regular interest and capital payments. Therefore, women in the study have tended to use more informal source of finance.

Networking for finding opportunities

There are a variety of ways of finding business opportunity leads through networking. Word-of-mouth networking is simply getting the word out about the business verbally. Entrepreneurs can seek the aid of business professionals whom they know, their family, and friends and relative so on. They can spread the word about entrepreneurs' interest to enter into or provide a business opportunity. Entrepreneur could also ask them if they know of any related enterprises or individuals that are looking or providing business opportunities.

In Gayanis' case, most of the business opportunities she has received are from travel fairs. Her agents promote her and through word-of-mouth she gets business. For example, a couple of months ago, an Australian agent had asked an Indian agent about an agent in the UK and the Indian agent had recommended her. That's how she gets recommended through word-of-mouth. Gayani explains

I don't miss an opportunity to go for travel fairs. It is also economical because you will find many opportunities. To be honest, most of the opportunities I have received are from these travel fairs. Our agents promote us and through word-of-mouth we get business

Without interaction with other people, Gayani could not have had access to important information about new opportunities.

Networking for Learning

Networking with others permits smaller businesses to share experiences and ideas and to improve in-house knowledge. Businesses can network with educational establishments, trade organizations, trade fares, former employers and other businesses as well as their close network ties such as family and friends .In all cases of this pilot study, women entrepreneurs talked about their learning experience through networking.

Anoma's web designer is one of her best friends and her friend also has created a services company in London. Hence Anoma benefited from a learning experience as she possibly will learn from their successes and avoid repeating the mistakes they had made.

Above example shows that how entrepreneurs learn through their different networks and networking can also help entrepreneur develop knowledge and skills. It seems that entrepreneur learn from direct experience and move towards with improved knowledge and further skills.

The businesswomen in London stated that they kept their business connections going in order to learn something. There could be many reasons for this. One is that all my interviewees got to London at a young age and were not used to the business environment in London. For example, they were unaware of the legal and tax details, how to begin a business, what organizations assist them etc... that were in comparison, different to Sri Lanka. So they had to learn all these anew. Another reason is that the difference in the business culture in London. For

example, eating outside of the home has not been very common in Sri Lanka. But most British people go to pubs or restaurants regularly. So a women beginning a restaurant/hotel needs to have a thorough understanding of the culture. Therefore, these immigrant businesswomen have an interpersonal network that would help them gain knowledge in order to improve their businesses.

Networking for seeking emotional support

Networks appear as being of particular importance to female in providing strong emotional support and in building confidence and in providing motivation. All women entrepreneurs in this study mentioned the friendly and supportive nature of networking groups such as spouse, family and friends and highly valued them for emotional support, inspiration, and encouragement.

One of the interviewees Anoma responded enthusiastically,

My husband always gives emotional security and he encourages me in every drawbacks and disappointments

Sunnetha comments that women entrepreneurs not only discuss their ideas about ventures with their family members, but also close friends and colleagues to get emotional support in return.

"Friends are available, yes, in terms of time, in terms of necessity. The availability to listen, to make suggestions, to share, to exchange ideas, to change ideas"

It seems that they receive emotional support from family, spouse, relations and friends (informal networks). Furthermore, most of the entrepreneurs highlighted that such emotional support enhances the motivation and determination of entrepreneurs to build successful firms.

b) How do female entrepreneurs form their networks?

Women prefer to network with strong ties

Women entrepreneurs' networks are often dense with ties of kin and friends in closed circles. There were four cases where the spouse was involved (except Suneetha), two entrepreneurs worked with their brother-in-laws (Anoma, Gayani) and Kumudu and Indika involved their daughters in different phases of her entrepreneurial venture. In general, family tends to get involved in all phases of the business, the exemption is Suneetha.

For example, Kumudu explains *"Besides my daughter, my elder sister and mothers help me a lot too and they are always with me. I am not involved in other organizations. ..."*. Furthermore, professional advice has not worked out for me.

Those in London have based their networks around the family and friends and this could be because of the isolations they feel when they migrate. For unlike in Sri Lanka, their families are limited in London so they are forced to gain help from the close family that they have.

Membership in various organizations

Gayani and Indika highlighted the involvement of professional ties in the different phases of the venture. The strength of weak ties should therefore not be underestimated.

In an interview with Gayani, she also highlighted the membership of various organizations and its importance. Further she explained, by taking membership of various organizations, business owners can expand their business networks and these networks give you the connections, tools and resources you need to go the next step in your entrepreneurial journey.

Yes, I am involved in a few other organizations. If you have a tour organization, there are two other companies in which you need to register and you are able to get discounts on air fares and trade fairs. Sometimes you can get discounts more than 50%.

From the findings, given the number of responsibilities that these women manage on a daily basis, joining a professional organization was not one of their top priorities. But, when these women joined professional organizations, they have developed existing business relationships and made new contacts on a regular basis. Such networking went beyond the exchange of business cards as they attended regular meetings, became active member on a committee and made strong relationships with others who have common interests and similar business concerns.

Attending training and trade fairs

Training and trade fairs will provide the company with the maximum amount of exposure for a limited amount of money. These meetings further help entrepreneurs to look for customers, suppliers and new network actors. This essence was found from Gayani's story.

The WTM Trade Fair is in November, another in France in September. I'm hoping to go for both and I also participated in the ITV Trade Fair this month in Berlin. That is very important because it is a place in which many agents from around the world meet together and it is challenging to go from country to country to meet them. For example representatives from around the world meet at the World Trade Market which is held in London in November. Not just from other countries but also many from England participate in that. Though I could meet them in London, I don't miss an opportunity to go for travel fairs. It is also economical because you will find many opportunities there and there are 2 or 3 fairs annually.

In this setting, attending or taking part in trade shows, exhibitions or training made these women more experienced as it was good opportunity to improve their knowledge. There are many things to learn about the business's field, other services, new ideas and trends. Further if women have built a large network with many connections, there is not always a good chance to meet each other in person. So this is the best chance to meet different people at the same time.

Women have lack of participation for network activities at start up level

I asked Indika to elaborate on her story of the start-up phase as I found it difficult to accept the short uncomplicated narrative. I wanted an elaborate, rich and detailed description of the start-up phase. Indika then started talking about the difficulties related to the start-up.

"Honestly speaking, when I started this hotel, I worked very hard. My husband found it difficult to help me because of his job and I had no one to help me. It was I who cleaned. There was a person who came to iron, but apart from that, I did everything.

It is clear that at the beginning of their businesses, these women have had only a limited number of relationships and help resulting in them having to put in a lot of hard work. Though the businesswomen based in London have had to work alone at the beginning, when the business began to grow, they have increased their relationships too.

The purpose of this section has been to examine the question of how female entrepreneurs form and develop their network relationships. According to the emerged themes, I found that female entrepreneurs have a strong favour for strong ties and they have a lack of formal contacts.

c) What do female entrepreneurs think about the role and contribution of the different network ties for the development of their venture?? (Relational Dimension)

This question focuses on the relational dimension of entrepreneurial networking and in particular the role and the contributions different ties make and develop to the entrepreneurial venture.

The role of family and relatives

Providing functional support

In entrepreneurs' narratives, I found that the family provides different types of functional support. As Kumudu explained, her daughter handles all the accounts and files all the bills and letters that she receives. Furthermore she explained,

"Besides my daughter, my elder sister helps me a lot too. She lives close by. When the children were small, she was a great help with looking after them. Even now, when I need a place for my son to be, it is she who helps out. She also works in the shops and restaurants some days".

In Gayani's story, the business would not have been run without the functional support of a loving spouse. As she explains,

"Some days I go to the airport at 3.30am or 4.00am. Then my husband would get the kids ready and make their breakfast and would take them to the day care. On those days he has a big round of work and later picks the kids and me".

The above quotation from Gayani's story shows that female owned businesses are increasingly acknowledging the support and encouragement from family members for their businesses.

Providing emotional support and being available

Family ties may also represent important discussion partners to exchange the entrepreneurial ideas. Gayani's parents encouraged her to start and continue with the business, it is good to have the support from her family in this case, they asked questions her, they wanted to know how it works, because if it is not understandable for them it is not understandable for anybody else.

As she explained *"I am the first to join this field. But my parents strengthen me emotionally. My father had a great deal of faith in me. My relatively looked at me in a strange way when I decided to quit my job and start a business, but my father sponsored me and encouraged me".*

In Kumudu's story the family is very important for providing emotional support to the entrepreneur. As she described, once the entrepreneurial project which establishing a restaurant in the heart of Ilford, had been accomplished, she invited her whole family and close relatives for dinner. She wanted to try out the concept on them and use them before the official opening of the restaurant. She needed the feedback of her family on the concept and she trusted that they would give her an honest opinion.

Indika's husband, also a science graduate, has an important role as he helps Indika to manage her stress; he listens to her and asks questions. He helps her to think and then she acts. He is part of his discussion network. Indika described their relationship as follows:

"He has helped me a lot because of his ability to listen, to manage my stress, and accept. Without my husband's help and kindness, I will not be here now".

Providing competency related support

Entrepreneurs take part a spouse or their life partner in their businesses because of the active help they can provide; I found in three stories where the partner was involved due to competences. For example, in the case of Anoma, her husband takes on responsibilities in the business the husband wants to create. Her husband is a solicitor and encouraged her to start this business and always was the first person of motivating to commence this business. He involved for lot of activities in the first phase of the entrepreneurial venture. Given her competences in marketing his role is of a commercial nature, as he brings in clients. This case is interesting as it highlights the importance of the competences of the partner for the creation of the business.

I get so many businesses via the friends of my husband. He tells of my business with his friends. Since my husband has a membership in bar association, he gets more businesses for me and the major part of the promotion campaign is handled by my husband indeed. It's him who designed my web site even.

The above example gives evidence about the competency related support of the spouse for women entrepreneurial venture and further it highlights on the positive aspects of spouse contribution to the venture

Bringing opportunities

Anomas husbands' father and brothers are extending their helping hands. His father had a construction company which is currently owned by his brother. He also brings many businesses via his networks. Also her husband has a younger brother who is 23 years old and he too extends every support he can. In Anoma's case one of his brother-in-laws and father in law created the link between the entrepreneur and possible customs, which was obviously very important for the entrepreneur.

Acting as financiers

Kumudu raised some finance from his family in the early stages of the development of her start-up. Her mother, who also lives in the outskirts of London, gave her £25,000. As she remembered, her mother did not only provide finance to the business, but also valuable feedback and her entrepreneurial experience as she had B&B hotel in London.

Simalry Gayanis' case, she also had some saved-up cash and borrowed some from her father to start the venture.

In above respect, the family assists the businesswomen in a big capacity and the level of assistance received from their husbands is high. Family has helped financially, with daily requirements, with bringing new customers and being there whenever the need arose. Also, when the businesswoman faces difficulties, it has been the family that has supported her. The family has assisted in ways that the other support groups are unable to – looking after children, cooking etc...

The role of friends

Providing functional support

As Indika explained, there are 3 Sri Lankan boys living close by. They help her as well. From time to time, they stay in the hotel to help her.

According to Suneetha, running a guest house is not easy; especially being women. There are heating problems or the boiler breaks down or repairs need to be done and she has to ask for help from her friends. She has a friend who is in property service and when a repair needs to be done, she calls that person and he would send someone suitable. Recently, the some bricks on her roof broke down and it was a friend of her who helped to repair.

Bringing business opportunities

Word-of-mouth recommendation is identified the best form of advertising, because it is persuasive, reliable and free. Friends and family are likely to contain a host of influencers.

Suneetha relates,

There are my friends who spread the news about my guest house. For example, I have a friend who does 'dress-making' and she sends many customers to me.

Above example shows that the people within women existing network and the people they know (specifically friends) are very supportive to promote their businesses.

Giving advices and emotional support

Suneetha described the relationship with her close friends and she feels that friends are knowing the real you and being available. When I asked her "the meaning of availability" she stated "Yes, in terms of time, in terms of necessity. The availability to listen, to make suggestions, to share, to exchange ideas, to change ideas"

She gave me number of examples

I am someone who is used to traveling and when I go to Sri Lanka I stay for about 2 months and I also visit Canada. Then the guest house is run by a friend. Even when I am ill and unable to work, my friends run the guest house and I make a payment for their work. But I strongly trust them.

In this case close friends represent trusted people who the entrepreneur can confront with her idea, feelings to whom ideas can be exchanged.

Also, it is important to note that these women have learnt a lot through their friends in the same field and those in London also depend on their friends for emotional support. This is because apart from their family, they do not have a large support group in London and therefore they are forced to depend on their friends. They especially depend on their Sri Lankan friends for support during a crisis/problem.

Negative effect of networking through friends

Only one entrepreneur (Suneetha) in this study talks about the negative sides of friendship ties. As she relates,

“One of my friends stayed at my place and he promised to make a deposit to the bank, just as he was leaving and I trusted him and said ok. It has been a year since and I have not got paid.

Friends are supposed to be good for anyone. But not all friends have such a salutary effect. Some friends lie, insult and let down. In Suneetha's case, her friend was the promise breaker. After spending time in these sorts of friendships these women are likely to feel bad about themselves instead of good.

The role of professional ties

Acting as bridges

In Indika's story, she is a member of the National Bakery Student Association. She contacted the head of that organization, when she was in the process of buying her hotel by asking the information.

Indika described *“She did not give me any advice, but she provided access to contacts who then could advise me”*

From Indika's comment we can clearly see that National Bakery Student Association had a very important role as a door opener for the new entrepreneur. Whereas she could not advise on details relating to her business she gave, however, access to important contacts who could then provide the needed information and assistance. National Bakery Student Association acted as a bridge over structural holes between the entrepreneur and unknown, but potentially valuable.

Providing valuable professional advices

Professional colleagues also tend to offer valuable professional advice and information as we can see in a few of cases such as Suneetha who continues to relate with a Fostering agency. Professional ties are a very important source of information for finding customers and any task-related issues linked to the kind of assistance.

In Anomas case, she has the company registration and she is the member of AITO, the Association of Independent Tour Operators. She is aware of lot of supporting organizations though she did not much worried of getting the membership. Recently a training program was in London and she participated for it. She explains

AITO gave me lot of needed information for me. I met a lot in my field in the training and that network is important. The network was very important to the particular tasks like hotel booking and taking customers for good and safe foods

When looking at women professional network, it is clear that these organizations support business women much. This is because they provide the needed advice, information and knowledge at the needed time, and connect these women to other organizations etc.

In above respect, the analysis of the pilot study interview transcripts stressed three key types of ties involved in the different stages of the entrepreneurial venture such as family ties, friendship ties and professional ties. Family is the most important and used institution. But professional ties involvement is occasional and limited, as the entrepreneurs emphasized.

d) What influences the networking behaviour of female entrepreneurs??

Having analyzed the entrepreneurs' stories in this study it becomes clear that family matters (being a good mum), gender, running home-based business and trust are very significant indicators of the formation and development as well as the barriers of the entrepreneurial networks.

Family matters: being a good mum

As family members, we develop, protect, and influence each other. Throughout the Indika's narrative, she several time mentioned that the importance of family bonds and responsibilities of good mother. She feels close and in touch with her family.

She described *"Up until now, I have never put an advertisement out; as I am not comfortable with having a work load that I cannot handle. Then I would have less time to spend with my children. My two children are more precious to me than anything else."*

She continues her story *"Many customers ask me why I won't open a cake shop. If I do, I need to open and close it on time. This would make my house work difficult"*.

This explanation gives us the need for women to work flexible hours and to balance between work and family has been identified as the main motivator for women to pursue entrepreneurship and it leaves little time for other activities like networking.

The story of being a good mother is further continued in Indika's narration.

"Whatever I have on the agenda for that day, I do not fail to serve food to the children and ask how their day has been. My kids don't go anywhere without a parent, but I keep watch over them at all times".

Above quotation also clearly shows that she has a little time for other activities like networking. The strong presence of the family in Indikas's story is a surprise to me.

As Kumudu explained, *I have two children. My daughter is 22 years old and she is doing a Psychology Degree. My son is 11. Now since my daughter is older, I don't have much of a problem. My children are used to a Sri Lankan lifestyle. They need their mother often. I still drop and pick my son from school though he is 11 years. Then I go home with him, give his food and stay for about 2 hours. Some days, I take him also to the business places. My daughter too, talks about everything with me, after she returns from the university. They are more attached to me than their father.*

This type of career talk is of course not only limited to entrepreneurs but it seems that women routinely place their career stories in the context of their children and talk about managing home and work responsibilities when telling their work histories. The story of Kumudu being an entrepreneur is articulated with the story of being a good mother.

Also, especially Sri Lankan women in London have a fear that their children would follow a wrong path in life because they are not in their home-land, they have had to spend more time with their children as well. This has limited their network relationships.

Gender as positive factor for networking

Everyone does not agree that simply being a woman means possessing characteristics that are a positive factor in business leadership. But, the question of challenges faced by women entrepreneurs comes not in the form of negative examples but of positive examples in this case.

Nadee: *Have you faced challenges as you are a working woman?*

Gayani: *M...m....not really. I see, being a woman in my field of work, as an advantage because most others are men. Even in Hotel Management, it is mostly men. The way we speak saying, "please", ("aney" or "aiyo") helps get the work done. However, we need to know our limits yet have a good approach. To be*

honest, being a woman is a blessing in this industry. In my experience, clients prefer to be welcomed/greeted by a lady. There is a brighter smile on the face of a client if greeted by a beautiful woman rather than a man. So I feel that it is an advantage to have women in this industry.

Similarly Anomas' view, being a woman is a privilege for her business. For an example, to book a hotel and a negotiation on a discount, she can deal with them easily rather than her husband and this can be because of the friendly manner a lady is having in dealing with problematic cases

Running home-based business

I observed that, three out of five interviewees, the family home was the location for their business activity. Running a home-based business is the ideal situation for many women. A lot of people, especially young moms, decide that they're going to work from home in order to care for their children. As Indika explains,

We live in the ground floor of the hotel. Whatever I have on the agenda for that day, I do not fail to serve food to the children and ask how their day has been. We have a home in which everyone is happy to be a part of this business and it is a happy place to work at. You know, important thing is, I am available for my children when they need me.

Running home based businesses and being mothers permitted to work flexibly and they can do their domestic tasks including child care easily. These so called mumpreneur businesses, organized to work around the routines of child care makes them available for domestic work most of the time.

According to the respondents' view, they have stated that it is much easier setting up a business in one's home place. This has been evident through Sunnetha's explanation, *You know, it's low cost and therefore less risky, because there aren't any expensive premises overheads. You can also claim for a percentage of your domestic bills, for lighting, heating, telephone calls, etc.*

But in reality, starting a home-based business has many rewards as well as challenges. These women need to think about how the business will affect their home life – and vice versa.

Trust

Building trust is vital if entrepreneur and her business are going to excel. Trust is a deliberately critical issue in any type of relationship because a relationship without trust is not really a relationship at all. Over the long-term, business success is dependent upon a network of positive relationships. Trust is always the critical component in enhancing business relationships. Trust may happen after a certain period of time when the relationship develops. Entrepreneurs are anticipated to spend a certain amount of their time with family, relatives, suppliers, customers, bankers, government organizations and so forth in order to grow trust in a network of relationships. In the personal network, trust is critical and it is also an important element of business dealings.

Gayani describes her trusting relationship with other organizations.

“Even now we transact with many of the big hotels here. We have a great trustworthy relationship between us and have never had any issues regarding payments or otherwise. We get a bank guarantee issued according to the amount the bank requests and that gives us a 30 day credit facility. For the hotels that do not have a credit facility, I send in the payment as soon as the client checks in. If the bookings fall on weekends, we call and make an arrangement to pay on Monday. As we have been working for about 8 years now, they trust us, I know this through experience and trustworthy relationship”.

Women in the study state that a long and healthy relationship could be developed with suppliers and customers based on trust.

5. Discussion and Summary

According to the empirical research studies with regard to women entrepreneurs' networking, there is evidence that women entrepreneurs have less diverse networks (Foss 2010, Batjargal et al 2009). Furthermore, the social support literature specifies that women are more likely to seek and provide emotional social support whereas men are more likely to seek and provide instrumental (eg. informational) social support (Batjargal et al, Garcia and Carter 2009, Roomi 2009). Several studies have shown that women tend to nominate more kin as people with whom they "discuss important matters" and they had a more kin their networking composition (Moore 1990, Klyver 2011, Watson 2011, Arent and Janet 2003). In line with literature (Batjargal et al., Roomi, (2009), women entrepreneurs in this study tend to include a higher proportion of family members in their networks and thus a lower proportion of fewer business contacts. Furthermore, this analysis showed that the diversity of the people the entrepreneurs involved in the different phases of the venture is very limited.

As far as concern women networks, several studies highlight that women favor "strong ties" in their networking behaviour (Klyver and Grant 2010). That is, women business owners have been revealed to organize their networks around the family and social spheres and, therefore, are in more contact with family members, mainly with their partner and friends than acquaintances with whom they have only employment relationships (Aldrich et al., 1989). This study finding also revealed that women do favour strong ties.

I found a number of cases in this study where the partner was involved due to competences and the partner always gives emotional support. In line with other studies such as Bruderl & Preisendorfer (1998) this investigation has also emphasized the importance of the emotional and functional support of the spouse. In a number of stories I found that the family offers different types of functional support and emotional support. In all cases the family and close friends represent trusted people who the entrepreneur can exchange with the entrepreneurial idea, to whom concepts can be presented, without the entrepreneur being fearful of possible negative consequences. Again the women entrepreneur is looking for comment, emotional support without being faced with a competitive or potentially offensive context. Moreover, Friends are very valuable source of information for finding customers.

Similar to the importance of family ties, the analysis of the professional ties identified only two of entrepreneurial stories where professional ties gave important information. In those stories, Women entrepreneurs learned a lot from these professional ties and gained business opportunities

Women in this pilot study talk about their families, children responsibilities, and domestic work when we were discussing their professional career. It clearly shows that women have the main responsibility for the family life. Therefore it is not easy to narrate their career story without demonstrating how it is managed with the family life. For example, Moore (1990) found that for women there is a decline in network size at childbearing age, when the burden of reproductive activities is particularly high. This study finding similarly validate that young children constrain the networks of their mothers, through increased time demands.

According to empirical evidences, women are disadvantaged compared to men (Foss 2010) and have more difficulties in gain access to those networks. But, conversely women entrepreneurs in this research revealed that being a woman is a privilege for their businesses.

Prior studies have suggested that networks are important for small firms as a provider of access to entrepreneurial opportunities and as a tool to increase firm performance. Stories from women entrepreneurs in this study also validate that the importance of particular networking

relationship for development of their businesses and trust is central to understanding network success.

In summary, despite the research attention on entrepreneurial networking in recent years, prior work has tended to focus on how actors connect (structural dimension), however, there is a lack of research about the resources actors can potentially gain access to by examining with whom they connect and what resource they have (relational dimension). Therefore, while the study of the structural dimension of networks has been found to disclose variations between male and female business owners, there is still a lack of research into the relational dimension of networks which may uncover differences in resource mobilization. Moreover, few studies have acknowledged the impact of gender on networking experiences (Garcia and Carter 2009). To date, researchers focus to study gender differences in entrepreneurial networking (Klyver and Grant 2010, Batjargal et al., Miller, Besser and Riibe 2007, D'Exelle and Holvoet 2011, Foss 2010, Garcia and Carter 2009), but very little research has been conducted specifically focus on women (Sapleton, 2009, Roomi 2009, Tsuchiya 2010). In addition to, it can be clearly seen that quantitative research are dominant in networking literature. In all respect, this research is a preliminary step towards filling this academic gap. In addition to, the controversial evidence of women entrepreneurial networking identified by the academic literature and the shortcomings of the existing research in women entrepreneurs' networks provide compelling reasons for further research on women entrepreneurs' networks in entrepreneurship in a transition context.

The narrative analysis of the interviews has suggested that most of the women entrepreneurs viewed their network and their networking purposes in a highly calculative way. In fact, majority of the women entrepreneurs emphasized the purpose-driven nature of their contacts. Very often these needs talk about to different types of assistance required; finance, emotional support, business opportunities and learning were frequently mentioned by majority of the business owners. The next question was what sort of support they receive for their business as business women. When researching this question it is clear that there are four main groups that support – spouse, family, friends and professional networks. When looking at emergent themes, it is clear that majority women entrepreneurs in this study have built their connections around their families and close friends. They have a strong bond between family members and most women fulfil their needs through the family unit. In contrast, women entrepreneurs have lack of formal contacts and the situation is worst specifically in startup level. Further women business owners are not looking for more external consultants, attending more seminars, conference, trade fairs and social network web sites. The next question was what was needed in order to continue these network connections and there are a few important points shown through the pilot study in London and they are gender, family matters, trust, education and experience, culture and social norms and running home based business. For the women in London, being a woman has made a positive influence and has been a plus point on their businesses.

6. Future Research Agenda

The data collected for the purpose of this study depend on the responses from a single entrepreneur and can, therefore, be viewed as somewhat subjective. Preferably, a second party would validate at least part of the information collected about the entrepreneur. Data collected from these women's husbands, other family members or employees could have been used to confirm information relating to the business if time and resources had been available. Further, this study is based on data collected within a fixed time period. Therefore, another suggestion for further research is in the form of longitudinal studies. A research method of employing a

longitudinal study would be assist in deepening our understanding into the female networking behaviour and to see what, and if, differences exist in their ways of using various relationships as time goes by.

References

- Aldrich, H. and Reese, P. R. and Dubini, P., 1989. Women on the Verge of a Breakthrough: Networking among Entrepreneurs in the United States and Italy. *Entrepreneurship and Regional Development*, vol.1 (4), pp.339-356
- Arent, G., and Janet, W.S., 2003). Social network and entrepreneurship. *Journal of entrepreneurship theory and practice*, vol. 28, Issue 1, pp. 1-22
- Ascigil, S.F. and Magner, N.R., 2009. Business incubators: leveraging skill utilization through social capital. *Journal of Small Business Strategy*, Vol. 19, Number 20 Spring/Summer 2009
- BarNir, A. and Smith, K. A., 2002. Inter-firm alliances in the small business: The role of social networks. *Journal of Small Business Management*; vol. 40, no.3, pg. 219
- Batjargal, B., Hitt, M., Webb, J. Arregle, J.L and Miller, T., 2009. Women and men entrepreneurs' social networks and new venture performance across cultures. *Academy of Management Proceedings*, vol.1, pp.1-6
- Bird, B. and Brush, C., 2002. A gendered perspective on organizational creation. *Entrepreneurship Theory and Practice* 26 (3), 41-65.
- Chris, D., Nerys, F.L. and Eillen, S. et al., 2011. Entrepreneurs perception of business networks: Does gender matter? *The international Journal of Entrepreneurship and innovation*, Vol. 12, No 4, pp.271-281D'
- Exelle, B. and Holvoet, N., 2011. Gender and network formation in rural Nicaragua: a village case study. *Feminist Economics*, vol. 17(2), PP. 31-61
- Foss, L., 2010. Research on entrepreneurial networks: The case for a constructionist feminist theory perspective. *International Journal of Gender and Entrepreneurship*, Vol.2 No 1
- Garcia, M.C.D. and Carter, S., 2009. Resource mobilization through business owners' networks: is gender an issue? *International Journal of Gender and Entrepreneurship*, vol. 1 No. 3, pp. 226-252
- Klyver, K., 2011. Gender differences in entrepreneurial networks: adding an alter perspective. *Gender in Management*, Vol.26.
- Klyver, K., Kevin, H. and Denny, M.2007. Influence of social network structure on entrepreneurship participation – A study of 20 national cultures. *International Entrepreneurship Management Journal*, vol. 4. pp.331-347
- Klyver K. and Grant, S., 2010. Gender differences in entrepreneurial networking and participation. *International Journal of Gender and Entrepreneurship*, Vol.2 No 3
- Kristina, A.B., 2010. The paradox of gender equality: an entrepreneurial case study from Sweden. *International Journal of Gender and Entrepreneurship*, Vol.2 No 1, pp.10-26
- Mastura, J., Abdul R.A.A. and Muhammad H.S., 2009. The use of social network theory of entrepreneur's linkages development. *Theoretical and empirical researches in urban management journal*, special volume April
- Miller, N.J, Besser, T.L. and Riibe, J.V...2007. Do strategic business networks benefit male- and female-owned small community business? *Journal of Small Business Strategy*; fall 2006/Winter 2007; vol.17, 2; pp.53
- Mishler, E.G., 1996. *Research Interviewing: Context and Narrative*. Harvard University Press: USA
- Rae, D., 2004. Practical theories from entrepreneurs' stories: discursive approaches to entrepreneurial learning. *Journal of Small Business and Enterprise Development*, 11, 195-202

-
- Ramachandran, K. and Ramnarayan, S., 1993. Entrepreneurial orientation and networking: Some Indian evidence. *Journal of Business Venturing*, vol. 8, issue 6, pp. 513-524
- Rauf, A. and Mitra, J., 2013. The Role of Personal Networks in the Growth of Entrepreneurial Ventures of Pakistani Female Entrepreneurs. *Enterprising Matters E magazine*
- Robinson, S. and Hans A.S., 2009. Business incubator explanations; networking and gender differences. *International journal of Management*, Vol. 4, No 2.
- Roomi, M.A., 2009. Impact of social capital development and use in the growth process of women-owned firms. *Journal of Enterprising Culture*, Vol. 17, No. pp. 473-495
- Sapleton, N., 2009. Women non-traditional entrepreneurs and social capital. *International Journal of Gender and Entrepreneurship*, Vol. 1 No. 3,
- Sharlanova, V., 2004. Experiential learning. *Trakia Journal of Sciences*, Vol. 2, No. 4, pp 36-39
- Tsuchiya, R., 2010. Neighborhood social networks and female self-employment earnings in Taiwan. *International Entrepreneurship Management Journal*, vol.6, pp.143-161
- Watson J., 2011. Networking: Gender differences and the association with firm performance. *International Small Business Journal* XX(X) 1-23
- Wendy D. and Jeffrey, D.Y., 2001. Entrepreneurial networks in the micro business sector: examine differences across gender and business stage. *Journal of small business and Entrepreneurship*, Vol.16, No1.
-

A historical analysis of the theories of money

Farah Durani

Mewar University, Chittorgarh Rajasthan, India

Faculty of Finance, University of Business Administration, Jeddah, Saudi Arabia

Ishtiaq Qureshi

The Business School: University of Kashmir, India

Keywords

Money, Monetary Theories, Classical, Neo Classical, quantity theory

Abstract

Money, the most complex idea to understand is labelled a subject of disagreement and a thorough confusion among economists. "Money" has been fortunate enough a topic to receive ample attention from the philosophers. Economic literature is replete with theories concerning the understanding and behavior of money from different historic eras. The present day knowledge of money is very limited when it comes to understanding what actually it can be. Most of the common strata of people believe that the money is something that is determined by the governments. People generally hold the view that citizens have a legitimate duty incumbent upon them to honor the payment systems stipulated by the authorities. This Research Paper aims at bringing together most of the prominent contributions of greatest philosophers of money and clearly demarcates various schools of monetary thought be it the Classical, Neo-Classical or the Heterodox. The aims of this chapter are to review the relevant theories concerning the understanding of money, to present the monetary dogmas of historical times in a proper chronological order, to establish a link between the predecessor and the successor, to elaborate on the most obscure confusions and their causes in an easy to understand parlance and to deviate from the mainstream to discuss the Heterodox yet appealing school of thought.

Introduction

Most of the monetary theories are written in inexplicit language, which not only restricts this discipline to the so called Politico-Economists of the country, but also keeps it hidden from the masses. The inability to understand the complexity of theories has misleadingly led many to believe that money originally started as a government initiative rather than a market phenomenon. It was the "forces of market, its discipline and needs" that led to the invention of money and eventually the evolution got kicked in by the same forces. However this auto evolution came to a halt when governments actively started interfering with respect to what money actually should be. The role of authorities itself changed from "the regulator of the money approved by the markets" to "the creator and issuer of the money coerced upon the markets". Very rarely do we see a reckoning done in this direction by a common man. The literature that should serve as a guiding torch remains blurred with difficult jargon. It is ironic that most reputed text books on money do not touch upon the theories of money; readers are kept off the track by only mentioning "what money can do" rather than "what money is". This has to do with the confusions that interlaced the monetary economics and its theories in the past century. A misunderstanding of the ailment, therefore an incorrect diagnosis and prescription is made. It has never been an easy task for scholars to evaluate monetary theories objectively as the context remains obscure due to lack of clarity, however many attempts have been made to explain the work of monetary theorists, to criticize them and then finally to produce the critique to the criticism. This research paper attempts to list down and explain the monetary theories from Classical to Neo Classical Eras.

Classical Monetary Theories

Classical Economics is understood as the first modern school of economic thought; its developers include Adam Smith, Jean Baptiste Say, David Ricardo, Thomas Malthus and John Stuart Mill. This thought of economics had evolved as knowledge against feudalism into the capitalism that got triggered by industrial revolution. One cannot discuss the Classical economics without delving into its core theory of value. The theory of value recognized that the prices of goods should be derived from the wages to labor that went into producing those products. While Smith called it a Labor theory of Value, Ricardo went even further with some modifications to call it Cost of Production Theory of Value. The monetary aspect discussed by the Classical economists remains no different from that of value theory of commodities. The money to most of the classical economists was a commodity (any good used as money, widely gold and silver) and its value was derived by the same methodology as the common goods traded on the market.

Before presenting Adam Smith's contribution which is considered to be the very first in the time line, a serious urge to report the writings of a not so widely referred to philosopher namely Ibn Khaldun, is felt. This philosopher though long forgotten in the clouds of history had a vivid ideology of what constitutes money and how it can be valued and produced. Ibn Khaldun (A.D. 1332 - 1406) in his Prolegomena (The Muqaddimah), recognized that money served as a standard of value, a medium of exchange, and a preserver of value (Weiss, 1995). To him the exchange value of a good is derived from the value of labor effort (and natural resources) that goes into the production of the good. He emphasizes the value of labor in determining the exchange value of a good (Khaldun, 1377), though not giving his theory a name yet his philosophy of valuing goods goes in symphony with "labor theory of value of money". The money serves purely as the medium of exchange; however the exchange can take place by way of barter also which requires the parties to establish the exchange ratio in accordance with the ratio of labor effort that created the goods. Ibn-Khaldun's era did not see the emergence of paper money; hence he neither commented on the legitimacy nor anticipated the possibility of fiat money. The money that was used to support the payment system existed as Gold and silver, nonetheless Ibn Khaldun clearly outlined the role of the mint to standardize the value of coins by marking them with authentic stamps to guarantee their weight and purity. Ibn Khaldun's writings clearly anticipate the tendency of governments to debauch currencies to finance their extravagant expenditures on building castles and funding mercenary armies, therefore he subscribes to the macroeconomic objective of preserving Purchasing Power of Money i.e. Fighting Inflation. This concept emanates from his quantitative philosophy of money which he states as "the quantity of money is of no significance for a country's wealth". For this reason he postulates the preservation of currency's value by mint to be the main economic objective. Therefore Ibn Khaldun's monetary theory essentially remains a theory of value and the Quantity theory of money.

Centuries after Ibn Khaldun, Adam Smith in his book, *An Inquiry into the Nature and Causes of the Wealth of Nations* developed further the theory of money. Adam Smith clearly defined the limitations of barter in trade which gave birth to the use of an intermediate commodity in economic exchange (Smith, 1776). However the problem with such a medium was its value being subject to variations. How would a scale be used to measure value of goods, when its own value was not a fixed parameter? Adam Smith clearly indicated the prime function of money as the medium of exchange. Experiences stood witness to the stability of the value of precious metals, to the favorable physical properties of theirs due, and hence Adam Smith vouched for their use as better money material. Regarding the employability of twin

metals in monetary system, one was labeled as a standard and the ratio of other to the former was fixed either by law or by market forces. The famous Gresham's Law is also touched upon by Adam Smith, as he stipulates that exchange value of the coin is established by its intrinsic value and not the nominally designated face value. It is practically impossible for two classes of money with varied quality to exist in circulation, as people tend to hoard the better kind so the inferior kind would drive the better kind out of the market. Adam Smith's *Wealth of Nations* also referred to the relationship between money and price, "*the value of standard money varies directly with the number of exchanges to be made and the frequency with which they are affected, and inversely with the whole quantity of money in use and the rapidity of circulation*" (Holander, 1911). Regarding the attempts to artificially alter the stock of money, Adam Smith labels the act as useless and mischievous. The variations in the value of money benefit different classes of society differently. The undue appreciation of the currency harms the debtor segment and the depreciation harms the creditor segment of the society. Concerning paper money, Adam Smith's views were no less vivid, as his doctrine outlined that the substitution of paper for gold and silver replaced an expensive with much less costly instrument of which promissory bank notes payable on demand are best known and adapted for the purpose (Smith, 1776).

Another Classical Economist who deserves a mention here is Jean Baptiste Say; Say's law remains a very famous assertion of classical times i.e. aggregate production necessarily creates just equal quantity of aggregate demand. *A product is no sooner created, than it, from that instant, affords a market for other products to the full extent of its own value* (Say, 1834). Say's notion comes from the principal that the producing of goods creates aggregate income that makes an equal way to seek aggregate demand. Say argued that economic agents produced goods and services so that the money earned in producing them is spent on other goods desired by the same agents. His assertion is usually phrased as "*Supply creates its own demand*", though Say did not phrase it this way. A quote from his book explains his claim to a great deal, "*It is worthwhile to remark that a product is no sooner created than it, from that instant, affords a market for other products to the full extent of its own value. When the producer has put the finishing hand to his product, he is most anxious to sell it immediately, lest its value should diminish in his hands. Nor is he less anxious to dispose of the money he may get for it; for the value of money is also perishable. But the only way of getting rid of money is in the purchase of some product or other. Thus the mere circumstance of creation of one product immediately opens a vent for other products*" (139).

David Ricardo: His entire life as economist, Ricardo delved into the theoretical and practical problems relating to the Banking Restriction Period of 1797-1821 and most of his theoretical works are his views in various forms (Sato, Takenaga, 2013). Ricardo's monetary theories though quiet voluminous remain under estimated in comparison to his theories on real economy and international exchange. Ricardo's monetary remarks are considered of temporary nature as these came in response to the peculiar economic conditions of that time. However generalizability from his work can be extended by discussing two major contributions (rather controversies) to monetary economics. Ricardo's monetary theory encompasses two essential aspects of money, one being the value and quantity theory of money and the second the central banking. According to Ricardo, money essentially is a commodity, a precious metal which is directly exchanged with the other commodities. This function of commodity money is because of the perceived stability of the value of precious metals that money maintains the appropriate function of the measure of value (Ricardo, 1951a). Apart from the role of money as a measure of value expressing the value of commodities in common unit, Ricardo appears to be a proponent of commodity exchange through barter where each good is exchanged with the other without intervention of any payment system. Many allege Ricardo of propagating inconsistencies and

contradiction for determination of money prices, as Ricardo argued that both the quantity of money and the value of money derived from the value theory are the determinants of money prices in the economy. Though the underlying assumptions to Ricardian monetary theory that money does not depreciate and the value of the standard is constant, refer to the variations in money prices caused only by the irregularities in conditions of production or income distribution; these assumptions are applicable to only a specific economic condition. It is important to understand that Ricardo's value stands different for gold and for money, as he renders gold not as just money but the standard of money, i.e. a way to measure the value of money.

When Ricardo talks about value of gold, it follows the value theory and cost of production analysis. However the value of money is determined by its quantity and is measured as purchasing power of money over gold, in other words how much gold can a unit of circulating money buy? It is imperative that Ricardo rendered it immaterial whether the circulating medium comprise of whole weighed gold coins, or debased coins or convertible or inconvertible paper money, his theory rendered value of money always determined by the quantity of gold that each monetary unit could buy on domestic and foreign markets, which eventually depended on prices of gold and exchange rates (Marcuzzo, Roselli, 1991). Ricardo has been thought to represent the neutrality of money position i.e. a thought which says that changes in the nominal quantity of money will impact the nominal variables like wage rates, exchange rates, prices only and not the real variables. He held the view that the increase in the quantity of money would have no permanent impact on production employment and interest rates. These variables are determined by the level of capital accumulation and rates of profit of the economy. Though Ricardo strongly backed the opinion of quantity of money being responsible for changes in the prices, the reverse was not considered true. He never thought that any changes in prices necessarily implied the changes in the quantity of money. Price increases could be initiated by other factors like decrease in the value of the standard, a rise in wages or tax increases (Ricardo, 1951b). Ricardo stressed proportionality only between the quantity of money and price of gold, as any increase in the quantity of money above natural level (the level at which money specie is exactly backed by the gold i.e. mint par) would result an exactly equal decrease in its purchasing power in terms of gold. Ricardo has stressed at many places that the existing price of gold compared to the mint par could act as a barometer to evaluate the reduction in the quantity of money needed to bring the price of the gold back to the par level (Vol III, P 123).

John Stuart Mill: Mill is credited with contributing a profound economic analysis to classical monetary theories. His monetary theory remains clear and simple; he regarded money as commodity whose value could be found like any other commodity in the market. His main distinction was the value determined temporarily by demand and supply forces (in the short run) and the permanent value which resulted from the cost of production (in the long run) (Mill, 1848a). Mill explicitly contributed to the theory of money supply, which has a greater similarity with the modern theory of money supply, even though his theory remains restricted to monetary gold only. The supply theory of money given by Mill was the first theory to identify the public's demand to hold gold in non-monetary forms. According to Mill it is the labor and material cost expended in producing the commodity of money that makes up its cost. This is equally applicable to countries which acquire money not by producing but by acquiring through trade with the rest of the world. In that case the cost of money would be the cost of labor and material expended in producing goods that are exchanged against it (pp 498-506). Mill recognized that the value of money like any other commodity varies in the short run from

its value in the long run. Mill explained the short-run fluctuations in the value of money by virtue of Quantity theory. Mill's supply of gold in the short run was not fixed as per the existent gold stock (p554). He identified that gold had varied usage other than money. It was also hoarded as a store of value; therefore the stock of gold could be affected either by melting or exporting it. As market value of money increased in the short run, non-monetary hordes of gold were melted down to convert them to the monetary stocks of gold.

The Neo-Classical Monetary Thought

The line that demarcates Classical Economic Theory from Neo-Classical one is the value determination itself. Classical economists rendered the value of goods as the value of inherent property in them, but many economists at different places realized simultaneously that value of goods in markets differ from the value of the matter they hold. The value of goods depended more on a network of relations between its cost of production and a much subjective interplay of marginal utilities, called the demand and supply forces. This is referred to as the Marginality revolution in the history of economic thought. The monetary theory of classical era remains essentially a theory of value and the quantity theory of money. Both of the classical monetary theories endeavored to explain the value of money; however the approach adopted was different by different economists. Before we discuss how the Neo-classical faction of monetary theories came into being, it becomes imperative that an elaborate explanation of Quantity theory and its evolution of thought is presented.

Quantity Theory of Money

The theory that implies that the prices move directly and proportionately with money supply is called the Quantity Theory of Money. As the money supply increases, it leads to the proportionate increase in prices. Quantity theory's origin dates back to early thinkers like Copernicus, Ibn Khuldun and Henry Thornton who realized the increase in the price level of a country with the import or influx of gold and silver coins used as money coins from other parts of the world (Volkart, 1997). Developed from Hume, John Stuart Mill first time advanced the concept for equation of exchange. He explained the vivid difference between money and price, which was a concept usually confused among other Classical economists. He clearly explained that any increases in the money can lead to proportionate increase in prices (Mill, 1848b). Though Mill laid the foundation for equation of exchange, it was Fischer who for the first time developed a mathematical equation of the same. The main idea behind Fischer's quantity theory was that the inflation is primarily caused by the expansion of money or credit by banks (Fischer, 1922). He took the equation of exchange developed as an accounting identity by Simon Newcomb in 1885 and turned that into a theory. The equation in its original form was

$$MV = PT,$$

M = Quantity of money in circulation

V = Velocity of money, or annual turnover of money

P = General Price Level

T = Total number of transactions of goods and services during the year.

The given equation of exchange developed initially as an accounting relation between money and real side of the economy. The right hand side of the equation shows the money transfer and the left hand side shows the goods transfer in an economy. The total value of transactions, which is given as the product of *price* and *total number of transactions* should be equal to the product of the *quantity of money* and the *velocity with which money changes hands*. The dollar amount of goods and services produced and sold in an economy should be equal to the money usage for the same. Fischer developed this equation of exchange into a theory, by

assuming V (velocity) and T (Transaction number) to be stable. This introduction of constants establishes a direct and proportional relationship between the quantity of money and price. His theory stipulated that changes in the prices are directly caused by changes in the money supply. As Fischer stated: *"The level of prices varies in direct proportion with the quantity of money in circulation, provided the velocity of circulation and volume of trade which it is obliged to perform are not changed"*.

Another assumption of Fischer's Quantity theory of money is that money supply is determined irrespective of the aggregate income (PT). So, there exists only a one-way causal relationship between M and PT . Money supply (M) is rendered exogenous, it does not get affected by the changes in PT . In other words, changes in money supply cause changes in nominal income and not the other way round. Mises' approach to explaining Quantity Theory of money was different from that of Fischer, he contended that the variable M (Quantity of Money) is a culprit and is an exogenous variable that not only drives changes in P , the price level but also brings variations in V and T (V and T were rendered stable by Fischer). Therefore he thought that money is a variable that is likely to create havoc in the economy by not just raising prices but also creating structural imbalances in the economy. Mises said that money is never neutral, a change in quantity of money affects all other variables in Fischer's equation (i.e. V , T and P) therefore the relationship between M and P might be direct but is scarcely proportional. Mises wrote *"Fischer's proposal of stable price index could not in any way ameliorate the social consequences in the value of money"* (Mises, 1953a). Mises and other Austrian Economists were the adherents of Gold standard and their contribution is widely discussed in other section of this paper; however their approach to deal with the crises was to "Wait" until economy corrects itself. This approach was not feasible for coming out from the grips of Great Depression of 1930s as it was taking too long, a revolutionary economist namely John Maynard Keynes approached Quantity Theory from a different perspective. Keynes strongly refuted the extreme monetarism of Irving Fischer that claimed monetary inflation has no ill effects in the long run, it only raises prices. Keynes said, *"Now in the long run this might be true, but this long run is misleading guide to current affairs. In the long run we are all dead"* (Skuosen, 2006).

Keynes is said to have turned the classical quantity theory of money upside down, his economics rejected the orthodox understanding of money. Keynes rejected the very famous classical dichotomy that said the nominal variables in an economy are determined by nominal factors and real variables by real factors. This dichotomy essentially was between the relative price level (determined by demand and supply of goods) and the absolute price level (determined by demand and supply of money). Keynes argued that the velocity of transactions given stable in classical economics is not constant. In times of economic slowdown, the money changes hands very slowly, as people are less willing to spend due to low incomes, especially during the Great Depression. Therefore, Keynes was of the view that velocity of transactions cannot be a fixed variable. Consumer and business confidence, seem to influence the velocity to a great extent, however these variables themselves are highly volatile.

The notion that turned Quantity theory of money upside down was Keynes' reasoning on Output (T). Keynes argued that it is not reasonable to assume output (T) to be constant. As opposed to the classics who believed that output of a country is determined by the level of employment used in producing the output, and since the economy is always at full employment, the output level can be treated as constant. Keynes believed that it is possible for equilibrium to exist even when resources are not fully employed. Therefore, Keynes's analysis was a complete reversal of the causal relationship that employment determines output and took the form for him output determines employment. Since the economy is not always at full

employment, which shows that output levels are unstable and not constant. This was the first time to look at the output of an economy from Demand side as opposed to supply side (Trevithick, 1992).

Keynes also argued that people tend to hold money not just for transactions only. He put forward his theory of Liquidity Preference. Liquidity preference theory states that money is a store of value, a standard of deferred payment and the usual medium of exchange. Apart from transactions need, people hold money for precautionary purposes also. Precautionary needs come into play when people are uncertain about the future, expect lower levels of income in future due to economic slowdown, will tend to save and hold more money balances as a security for bad times in future. Additionally, Keynes believed that people also hold money for speculative purposes. And for this Keynes introduced role of interest rates in determining the speculative holdings of money. He explained that the expectation of future interest rates are key to determining the current demand for money as economic agents tend to get rid of their bond holdings as they expect rise in the interest rates (which may be due to low current interest rates). As rising interest rates deteriorate the value of bonds so the investors are more likely to sell their bonds and increase the current liquidity i.e. money. The classical dichotomy was rendered irrelevant, as Keynes related a real variable (interest rate) in determining a monetary variable (money demand) (Johnson, 2001).

Presenting a rebuttal to Say's law, Keynes argued money could be hoarded. Rather than investing money in interest bearing assets, people may choose to hold idle balances of money based on their speculative needs. The speculative demand for money is an unstable function of the interest rate. Keynes was of the view that consumption and savings are not the determinants of the interest rate, Instead the interest rates are determined by the money market. Keynes reformulated the Classical Quantity Theory and laid down new assumptions, which stipulated that the relationship between Money Supply is neither direct nor proportional, instead money changes affect the prices indirectly by changes in interest rates. According to him when Quantity of Money increases the first impact is felt by interest rates which are going to fall. The falling interest rates will spur Investment activity which will tend to kick in the multiplier hence affecting the effective demand thereby increasing income, output and employment. Output and employment tend to increase in the same proportion as effective demand, and the effective demand also increases in the same proportion as the quantity of money. But, once full employment is reached, output refuses to respond at all to changes in the supply of money. The elasticity of supply of output in response to changes in the supply of money, which was infinite when there was unemployment, falls to zero. Therefore the supply of money exerts its pressure in entirety on prices, which tend to rise in exact proportion with the increase in effective demand. Keynes' Quantity Theory says, *"so long as there is unemployment, output will change in the same proportion as the quantity of money, and there will be no change in prices; and when there is full employment, prices will change in the same proportion as the quantity of money"*

Milton Friedman a relatively modern economist in 1956, in his article, *"The Quantity Theory of Money: A Restatement"*, shifted the focus of the quantity theory of money, though he tried to incorporate the major developments carried forward by Keynes and post-Keynesians. Friedman argued that the changes in the money supply can cause changes in the nominal variables as well as the real variables like output and employment sometimes. Friedman's restatement of the quantity theory was essentially a theory of demand for money, where money is treated like any other asset (Handa, 2009). Economic agents (individuals, firms, governments) tend to hold a specific quantity of money in real terms called as real money balances. During times of higher inflation the purchasing power of the unit of account gets eroded, economic

agents will adjust the nominal balances of money to maintain the same quantity of the real balances, keeping real balances constant. Friedman argued, the level of real balances held by people depended on permanent income (the Present discounted value of all expected future income), the relative expected return on bonds and stocks versus money, and expected inflation. Therefore Friedman's equation of exchange can be expressed as a demand function of money given as:

$$M_d/P: f(Y_p <+>, r_b - r_m <->, r_s - r_m <->, \pi^e - r_m <->)$$

Where

M_d/P = demand for real money balances (M_d = money demand; P = price level) f means "function of", Y_p = permanent income $r_b - r_m$ = the expected return on bonds minus the expected return on money, $r_s - r_m$ = the expected return on stocks (equities) minus the expected return on money, $\pi^e - r_m$ = expected inflation minus the expected return on money

<+> = increases in

<-> = decreases in

"So the demand for real money balances, according to Friedman, increases when permanent income increases and declines when the expected returns on bonds, stocks, or goods increases versus the expected returns on money, which includes both the interest paid on deposits and the services banks provide to depositors" (Wright, 2009).

The modern quantity theory formulated by Milton Friedman is considered superior to Keynes's liquidity preference theory because of its inclusion of other asset types like bonds, equities, goods as opposed to just one asset (bonds). Friedman did not assume that the return on money is zero, or even a constant. In Friedman's theory, velocity is no longer a constant; instead, it is highly predictable and, as in reality and as formulated by Keynes velocity is pro-cyclical meaning rising during expansions and falling during recessions. Finally, unlike the liquidity preference theory that claimed a huge impact on money demand due to changes in interest rates, Friedman's modern quantity theory predicts that interest rate changes have meagre effect on money demand. The reason for this is that Friedman believed that the return on bonds, stocks, goods, and money are usually positively correlated, they move together leading to little or no relative changes of $r_b - r_m$, $r_s - r_m$, or $\pi^e - r_m$ as both sides would rise or fall about the same amount. This very insight essentially reduces the modern quantity theory to $M_d/P = f(Y_p <+>)$.

The very premise that sets Friedman's quantity theory apart from Keynes' is his assertion that both money demand and velocity are very stable and could be easily predicted. This went opposite to Keynes view who thought velocity and money demand are very volatile and unpredictable. This difference of opinion had a significant policy implication, as Friedman's analysis supported monetary policy to be an effective tool to gear the economy. While Keynes due to his view of unpredictable money demand and velocity thought that Fiscal policy was the most appropriate and reliable stabilization policy.

Economic Analysis of Classical and Neo-Classical monetary thought

The analysis of Classical Monetary theory: The classical monetary theory essentially was an extension of classical value theory, with no doctrinal dichotomy what so ever. Since money was a commodity in classical analysis, therefore its value was simply explained by the same value theory that explained the prices of other commodities. As John Stuart Mill observed, *"The introduction of money is a mere addition of one more commodity, of which the value is regulated by the same laws as that of all other commodities"* (Mill, 1871a). The difference that sets the classical money theory apart was mainly in the peculiarity of supply and demand functions of money. Classical

money supply function as in modern times was directly related to its value ($1/p$) and was quite inelastic. Mining gold, which otherwise was an unprofitable business, gained momentum when gold money's value rose in terms of buying goods and services, i.e. the price of all other goods and services declined in terms of gold. Both the elasticity and location of the money supply curve in classical monetary thought are accounted for by the real adjustments to real changes.

The elasticity of the classical money supply function was due to two factors that brought changes in the value of money (reciprocal of the price level): (1) conversion of money into plate and vice versa, and (2) expansion and contraction of marginal domestic mining of precious metals, if any. Having explained the elasticity, the position of the implicit classical money supply curve, was accounted for by the cost of producing the metal specie from mines or acquiring it through trade. A positive shift in the money supply curve resulted due to the reduction in the cost of producing the precious metals, or the increase in exports by which they might be obtained. Similarly, the unitarily elastic demand for money shifted directly with the output of domestically used goods (due to the reduced cost of production of domestic goods) and inversely with the volume of credit (including the substitutes for "money" in the performance of its medium of exchange function) (Mill, 1871b). What makes Classical Monetary Theory unique is the inclusion of cost of producing things other than money in positioning of money supply function. Further to clarifying the uniqueness of classical monetary theory, the following elaboration may suffice. The demand function for money in classical monetary theory, shifted simultaneously, and in the same direction, with the changes in the money supply function. For instance, positive movements of the money supply function that could result from improvements in the productive capacity of domestic gold mines (if any) or of other commodities including agriculture. Such a technological improvement would result in a significant concurrent rise in both the demand for money (through increased aggregate production of goods exchanged for money) and the supply of money (through the increased inflow of gold corresponding to export balance of trade initiated or augmented by the innovation) (Mill, 1871c).

The analysis of Neo-Classical monetary theory: Neo-classical monetary theorists are the Anglo Americans who professed to interpret the classical monetary theory but inadvertently turned it upside down, without even realizing or detecting the inversion they caused to the doctrine. The commodity and quantity theories of money complemented each other in explaining the value of money in classical monetary analysis; however these theories were presented as competing theories in neo-classical analysis, interpreted as half-truths. The controversy that initiated between the commodity and the quantity schools of monetary theory in post classical era, originated due to the ignorance of the classical distinction between the long-run and short run values of money. Post classicals tried to incorporate one aspect of classical monetary theory, while excluding the other (Agger, 1941). The clashes associated with the Bimetallic controversy basically witnessed the annihilation of the commodity theory faction of the neoclassical school that happened to succumb to the Quantity theorists, who in their attempt to preserve and explain classical quantity theory inverted it (Mason, 1963). Neo classical monetary theory emerged as a quantity theory which was very different from its classical counterpart. This inadvertent inversion resulted from extending the application of classical short run analysis of Quantity Theory to the long run, and then burying its short run formulation forever.

The exclusive emphasis on long run relevance of Quantity Theory was conserved due to the negligence on part of the neo classists regarding *ceteris paribus*, who failed to recognize this as an abstract methodological condition rather than a necessary condition that must be fulfilled

in practice. Fulfillment of this condition was achieved by rendering the velocity of money constant, which is a condition that could be accomplished only in the long run, hence the long run garb was given to the otherwise short run implication of the Quantity Theory. This morphisms in methodology contributed generously in blurring the line of discrepancies between classical and Neo Classical monetary doctrines.

The Austrian School of Monetary Economics: A Heterodox Economic Thought:

Austrian School of Economic thought originated in Austria in late 19th century; its early contributors remain of Carl Menger, Eugen von Böhm-Bawerk, Friedrich von Wieser, and others (Schumpeter 1954). Austrian Economics is credited with contributing important theories to early economics, which include the Subjective Theory of Value, Marginalism in Price Theory, and the Formulation of the Economic Calculation Problem, these contributions remain an integral part of mainstream economics (Birner, Van Zijp, 1994). Mainstream Economists are critical of Austrian economic thought, for reasons related to Austrian rejection of Econometrics and other macroeconomic analysis and consider them outside the mainstream economics, hence heterodox (Boettke, Peter, 1994). Of all the theories and explanations of money that various Economists brought forward, none served as a clear guideline to a statesman. Professor Ludwig Von Mises of Vienna, in his book, "*The Theory of Money and Credit*" (1912) has done justice to a greater extent by systematically dealing with the major propositions of theory of money and credit, by establishing its relationship with main analytical economics and with the major problems of contemporary economic policy structure

In the very first chapter "the Functions of Money", of his book, Mises provides a step by step process of the origin of money. Mises significantly acknowledged the contribution of his reference Carl Menger 1871, who is designated as a founder of Austrian Economics and gave for the first time a satisfactory explanation on the origin of money. Menger contrived a step by step evolution of money rather than assuming it a decree or an edict from a king or a government (Mises, 1953b). Mises and his Austrian predecessors, whom he refers to generously, worked out a logical explanation to the measurement of value. Referred to as Subjectivist/Marginal Revolution, Mises and others explained the prices of commodity goods by the interplay of subjective valuations in the market, which in turn explained the prices of producer goods that are required to produce them. This was a breakthrough in valuing commodities as it negated the classical economists' labor theory of value, which explained the price of a good by the amount of labor used in its production or cost of producing that good.

Mises goes forward in explaining that a government can never force a particular good (be it the commodity money or fiat money) to command a specific purchasing power in the market. If the government alters the value of the circulating money, the market will react by altering prices in the opposite direction (Mises, 1953c). Mises was the first one to discuss the social consequences of changes in the value of money, he discussed that inflation or monetary value reduction can make businesses overestimate their profits which eventually lead to *Capital Consumption*. The increased influx of money of any kind (be it gold or fiat currency) does not make the society richer, its circulation spreads unevenly, benefiting only certain circles of the society which remain primary beneficiaries on whom the money is spent first of all. Other segments of society stand at the losing end, as they do not directly see increase in the income instead the value of their savings is already deteriorated due to falling value of the money (Mises, 1953d).

Mises a strong opponent of the inflationism; dedicated his career to make its ill effects evident to the rest of the world. He stressed that the only technical definition of inflation is the increase in the supply of money. The consequences that follow the inflationism like Price Controls and Currency Speculation are well tackled by Mises. He clearly demonstrates how

price controls are an ineffective measure to keep masses unaware of the consequences of inflation. This leads to either shortage or removal of goods from markets that are price controlled (Mises, 1953e). The most valued contribution of Mises is his explanation related to expansion of fiduciary media causing Business Cycles. Mises relied on Bohm-Bawerk's capital theory to explain the boom bust cycles. Böhm-Bawerk viewed interest rates as a reflection of the community's preferences for the consumption and its timing. Not only that, it also reflected the technical opportunities available for increased output resulting due to lengthening of the methods of production. Mises explains how banks by issuing fiduciary media artificially lower the interest rates, which in turn induces entrepreneurs to believe that subsistence fund has increased, when in reality it has not. Entrepreneurs tend to borrow more at the suppressed rates. Businesses in an attempt to invest in their so perceived productive ventures hire workers, and try to bid away resources from others to begin longer-term processes. This period of optimistic economic sentiment is called a boom and is believed to be the period of prosperity. Yet because the society did not become rich actually due to the issue of fiduciary media, the boom eventually meets its end. The reality is that there are physically not sufficient savings to help society go forward, until the time when these investment projects start yielding their final consumption goods. A bust or recession sets in, when the output of consumption goods declines pushing their prices up. Entrepreneurs come to their senses, realizing their mistake; they discontinue the projects that had appeared profitable to them due to the false interest rate. In reality the bust is triggered by bank's lowering the rate of credit expansion causing the money rates to rise towards their appropriate level. The growing supply of money pushes the prices up, and lenders tend to demand higher inflation premiums in the contractual rate of interest. No matter how long banks try to hold the money rates below the natural rate, eventually a worse crisis becomes inevitable (Mises 1953f). Mises stands as a strong proponent of the gold standard; he argues that the long term woes of inflationism outweigh its short term apparent benefits. He strongly believed that governments caused the failure of gold standard and continuously stand to object the common man's choice of sound money.

Fredrick. A. Hayek: It would be unfair to conclude the Austrian school of Economic thought without making any mention of Fredrick. A. Hayek, his contributions added a profound insight to the Austrian economics. Hayek puts the Capital theory, the monetary theory and the price theory together to formulate the Austrian Theory of Trade Cycle. Hayek believed that changes in prices communicate information which eventually leads economic beings to co-ordinate their plans (Skuosen, 2006). Hayek is of the view that the increase in money supply (mainly due to credit expansion) can lead to inter-temporal dis-coordination of economic activities initially characterized by a boom, which eventually turns into a bust and necessitates certain adjustments by money induced disco-ordination which is called the recovery. Hayek used from Bohm Beware of the idea of interest rate being the reflection of saving propensities which affects not only the magnitude of investment but also its pattern. A lower interest rate is said to encourage a longer term investment which might not have taken place, had interest rates remained a little higher. Therefore, under normal circumstances, it is the interest rate that sets the preferred time pattern of consumption activity which gets translated into a corresponding time pattern of investment activity. That is why interest rates are said to coordinate the two kinds of activities inter-temporally. The inter-temporal coordination is disturbed when interest rates are artificially lowered due to injection of money. The misleading interest rates let capital goods be invested for a relatively longer or time-consuming structure of production. This happens at the expense of capital goods which are more compatible with the current, less time consuming, structure. A net increase in economic

activity led by credit financed capital structuring comes into being, which is very well mistaken for a boom. As time passes, the capital restructuring which is not yet complete does not conform to actual resources available. The resources that are not yet contracted for still are needed for capital restructuring, get scarce and hence pricy, requiring a further demand for credit. These increased costs lead to the liquidation or abandonment of misallocated capital. Labor units which were complementary to the misallocated capital, once abandoned become unemployed. The result is a bust a sluggish economic activity, which is followed by a recovery in terms of market adjustments in relative prices and wages, which eventually leads to the reabsorption of unemployed capital and labor into the structure of production (Garrison, 1986). Hayek said, *"The past instability of the market economy is the consequence of the exclusion of the most important regulator of the market mechanism, money, from itself being regulated by the market process"* (Hayek, 1932).

Conclusion

Money remains the most talked about and discussed entity of the historic times; however its value determination theory took a roller coaster ride from Classical to Neo Classical eras. Though there is no universal taxonomy to separate the two, however an attempt is being made here to follow what majority of scholars have to prescribe with respect to the same. It is an established fact that the models vary mostly in assumptions and implications, hardly have they showed any variations in interpretation. This research paper has established a clear delineation between the assumptions, implications and interpretation of Classical and Neo-Classical monetary thoughts. Classical monetary economists rendered value determination purely based on cost of production in the long run and by the forces of demand and supply in the short run. Neo-Classical in an attempt to interpret the classical monetary thought turned it upside down by extending the short run application of Quantity theory to the long run and excising its actual applicability. Neo-classical monetary theory remains essentially a quantity theory in a long-run context and this is the theory that dominates the mainstream economics now a days. While Fischer, Keynes, and Friedman all recognized the importance and implication of Quantity Theory, they each placed different emphasis as to which variable was the driver in changing the prices. Fischer emphasized Money and credit, Keynes income and demand, and Friedman the quantity of money (but with a different Causality). In contrast to mainstream monetary economics a heterodox school of economic thought, the Austrian School considers the in elastic nature of gold and commodity money, a virtue and not a vice and vouches for the gold standard as the most preferred money standard to achieve economic stability. The economists of this school explain how trade cycles are exacerbated by the extension of endless credit. The only way trade cycles can be nipped is to curb the credit expansion, which definitely would limit the booms but would also free the economies from ugly busts. They propose the return to the gold standard.

References

- Agger, Eugene E. (1941). Money and Banking Today, New York: pp. 189-190
- Birner, Jack; van Zijp, Rudy (1994). Hayek, Co-ordination and Evolution: His Legacy in Philosophy, Politics, Economics and the History of Ideas. London, New York: Routledge. p. 94. ISBN 978-0-415-09397-2.
- Boettke, Peter J.; Peter T. Leeson (2003). "28A: The Austrian School of Economics 1950-2000". In Warren Samuels, Jeff E. Biddle, and John B. Davis. A Companion to the History of Economic Thought. Blackwell Publishing. pp. 446-452. ISBN 978-0-631-22573-7.

- Fisher, Irving (1922). *The Purchasing Power of Money*. Library of Economics and Liberty. 4 March 2015. <http://www.econlib.org/library/YPDBooks/Fisher/fshPPM.html>
- Handa, J. (2009). *Monetary economics* 2 Edition, Routledge: p 41
- Hayek, A. Fredrick (1932). "Monetary Theory and the Trade cycle" London School of Economics
- Holander, H Jacob. "The Development of the Theory of Money from Adam Smith to David Ricardo", *Quarterly Journal of Economics* Volume. 25, (1910-11): pp. 429-470
- Johnson, L. E, Ley, Robert, Cate, Thomas (2001). Keynes' Theory of Money and His Attack on the Classical Model, *International Advances in Economic Research*, Vol. 7, No. 4.
- Khaldun, Ibn (1377). *The Muqaddimah: An Introduction to History*, trans. from Arabic by Franz Rosenthal (1958), 2 volume, Bollingen Series, No. 43 (New York: Pantheon, 1958). pp. 245-285
- Marcuzzo, M Cristina, Rosseli. Analisa (1991), Ricardo's Theory of Money Matters. *Revue economique*. Annee 1994. Vol 45: pp 1251- 1268
- Mason, Will. E (1963). Clarification of the Monetary Standard: The Concept and its Relation to Monetary Policies and Objectives. University Park, PA: pp.78-79, 190
- Mill, John Stuart (1848a). *Principles of Political Economy*, Longman Green 1920. pp 488
- Mill, John Stuart (1848b). *Principles of Political Economy*, Longman Green 1920.
- Mill, John Stuart (1871a). *Principles of Political Economy*, 7ed. Sir W. J. Ashley London. pp 289
- Mill, John Stuart (1871b). *Principles of Political Economy*, 7ed. Sir W. J. Ashley London. pp 490-492
- Mill, John Stuart (1871c). *Principles of Political Economy*, 7ed. Sir W. J. Ashley London. pp 610-611
- Mises, Ludwig Von (1953a). *The Theory of Money and Credit*, New Haven: Yale University Press, Press, pp 402
- Mises, Ludwig Von (1953b). *The Theory of Money and Credit*, New Haven: Yale University Press, Press, pp 32
- Mises, Ludwig Von (1953c). *The Theory of Money and Credit*, New Haven: Yale University Press, Press, pp 64-67
- Mises, Ludwig Von (1953d). *The Theory of Money and Credit*, New Haven: Yale University Press, Press, pp 204-206
- Mises, Ludwig Von (1953e). *The Theory of Money and Credit*, New Haven: Yale University Press, Press, pp 246-248
- Mises, Ludwig Von (1953f). *The Theory of Money and Credit*, New Haven: Yale University Press, Press, pp 346-366
- Ricardo, David (1951a). "On the Principles of Political Economy and Taxation", *Works and Correspondence of David Ricardo*, edited by Piero Sraffa, Volume I, p.27-8
- Ricardo, David (1951b). "Notes on Malthus's Principles of Political Economy" *The Works and Correspondence of David Ricardo*, Vol. II. Cambridge: Cambridge University Press. p. 365
- Ricardo, David (1951c). "Pamphlets and papers 1809-1811", *Works and Correspondence of David Ricardo*, edited by Piero Sraffa, Volume III, p.123
- Ricardo, David (1951d). "Pamphlets and papers 1815-1823", *Works and Correspondence of David Ricardo*, edited by Piero Sraffa, Volume IV, p.321
- Ricardo, David (1951e). "Letters 1810--1815", *Works and Correspondence of David Ricardo*, edited by Piero Sraffa, Volume VI, p.233
- Roger, W. Garrison, 'Hayekian Trade Cycle Theory: A Reappraisal' *Cato Journal*, Vol. 6, no. 2 (fall), 1986

-
- Sato, Yuji. Takenaga, Susumu (2013). *Ricardo on Money and Finance: A Bicentenary Reappraisal*, Routledge, 2013
- Say, Jean-Baptiste (1834). *A Treatise on Political Economy*. C. R. Prinsep, trans. and Clement C. Biddle., ed. 1855. Library of Economics and Liberty. 8 January 2014. <http://www.econlib.org/library/Say/sayT3.html>.
- Schumpeter, Joseph A (1954). *History of economic analysis*, Oxford University Press, ISBN 978-0195105599
- Skarbek, David (2009). "F. A. Hayek's Influence on Nobel Prize Winners" *Review of Austrian Economics* 22 (1): 109. DOI: 10.1007/s11138-008-0069-x.
- Skuosen, Mark (2006). *The Big Three in Economics: Adam Smith, Karl Marx and John Maynard Keynes*, Routledge P 150-151
- Smith, Adam (1776). *An Inquiry into the Nature and Causes of the Wealth of Nations*. Edwin Cannan, ed. 1904. Library of Economics and Liberty. 8 March 2015. <http://www.econlib.org/library/Smith/smWN.html>
- Trevithick, J. A. (1992). Chapter 3 'Old Classical Macroeconomics: the Quantity Theory of Money and its Descendants (pp. 22-31), in *Involuntary Unemployment: Macroeconomics from a Keynesian Perspective*
- Wright. E. Robert (2009). "Money and Banking", Vol 2, Chapter 20. Flat World Education
- Volkart, Oliver (1997). "Early beginnings of the quantity theory of money and their context in Polish and Prussian monetary policies, c. 1520–1550". *Economic History Review* (Oxford, UK: Blackwell) 50 (3): 430–449. DOI: 10.1111/1468-0289.00063. ISSN 0013-0117. JSTOR 2599810. Retrieved 14 Jul 2013
- Weiss, Dieter (1995). Ibn Khaldun on Economic Transformation, *International Journal of Middle East Studies* 27 (1), pp.29–37
-

A study on impact of Job role stressors on Frontline employee role performance towards the customers

Kasturi Naik

DES's NMITD, University of Mumbai, Mumbai, India; SCSVMV University, Chennai

Srini R. Srinivasan

JBIMS, University of Mumbai, Mumbai, India

Keywords

Role conflict; role ambiguity; frontline employee; departmental stores; customers; stress

Abstract

Rapid developments in the Indian Economy post-liberalization in 1991 have prompted institutions like the World Bank to forecast that India would be the fourth largest economy in the world by 2020 (Budhwar and Bhatnagar, 2009). Following globalization this has attracted a large numbers of foreign investors and companies to India. HRM in India has evolved as a specialised function (Budhwar and Bhatnagar, 2009). According to Budhwar and Bhatnagar, 2009 India had a long history of labour legislation and industrial relations and there are many challenges to the HRM systems in India, due to the diverse nature of India's society which is marked by regional, sectoral, socio-cultural and political variation. In such a climate it is extremely difficult to have a uniform HR system.

According to Wheatherly and Tansik (1993) employees have to deal with the demands from superiors as well as the needs and wishes of customers. Because of such a boundary spanning role, the retail frontline employees are in dilemma whether to customize the retail services as per customers needs or to obey the organizational guidelines and procedures (Bitner, 1990). This dilemma often leads to job role stress. There are different types of job role stress (Pareek, 1993) of these the research under study deals with the two job role stressors prominent in retail industry job role conflict and job role ambiguity (Kahn et.al, 1964). According to Heskett et al. (2003) front line employee's behavior and perception affects the customer satisfaction and intent of buying behavior which in turn have impact on service productivity.

There have been many studies conducted on job role stress and its impact on employee job performance but hardly any with respect to organized Indian retail sector. In the prior research studies it can be noted that employee point of view is hardly taken into consideration. Hence as an attempt to fill in this gap the research focuses on understanding how job role stressors (role conflict & role ambiguity) have significant impact on frontline employee role performance towards the customers with special reference to departmental stores located in central, western and harbor suburbs of Mumbai. The study starts with investigating whether frontline employee role performance towards the customers is dependent on job role stressors i.e. role conflict and role ambiguity by means of non-parametric chi-square test. Then it is investigated whether there is negative or positive relationship between job role stress i.e. role conflict and role ambiguity and frontline employee role performance by using Spearman correlation coefficient.

The research is explanatory in nature. The sampling design used is stratified random sampling. The research focuses on the dynamics of human element, especially employee engagement, which is key contributor of success with respect to service sector, especially in retail in India.

1. Introduction

Experts point out that continued high growth in an industry can be an issue because it strains systems and governance processes that needs time to mature and to be institutionalized. The Retail industry constitutes the fastest growing industry in India and is facing the above mentioned problem.

Retail Industry is likely to be the next big thing for services in this decade. The industry is very diverse, with several sub-segments, each displaying its own unique characteristics. The retail players need to be excellent in every facet of operations as the market is highly competitive at every level and re-defining itself every day. It is mainly service oriented industry so employees especially frontline sales people who do have influence on customers purchasing decision are the key people to its success.

The scenario however, is not as rosy as it looks, for this sector with enormous potential. Like any other industry during its growth phase, this industry is also going through its share of turbulence.

In this era of globalization there is increased service industry competition, coupled with more demanding customers, the service profit chain "helps managers target new investments to develop service and satisfaction levels for maximum competitive impact, widening the gap between service leaders and their merely good competitors" (Heskett et al, 1994). The service profit chain framework used as a base model for the research under study focuses on creating both employee and customer loyalty - recognizing that each is reflected by the other if the employee is satisfied he will deliver service excellence resulting in customers satisfaction so employee first customer second should be the key mantra for success when it comes to service industry.

The stress related to role performed by the employee at the workplace is the most important determinant of performance of the employee (Sharma,Devi 2011). According to Pareek (1993) the performance of employee in the organization can lead to conflict, which can result in stress among the employees. Such stress can have negative impact on employee performance along with many other dysfunctional outcomes (Behrman and Perreault, 1984). In such circumstances, efforts to sustain a high level of work performance over a long time can be a tedious task for organizations as well as employees which in turn will affect the organizational productivity.

According to Wheatherly and Tansik(1993) employees have to deal with the demands from superiors as well as the needs and wishes of customers. Because of such a boundary spanning role , the retail frontline employees are in dilemma whether to customize the retail services as per customers' needs or to obey the organizational guidelines and procedures (Bitner, 1990; Bitner et al., 1990; Goodwin and Radford, 1993). This dilemma often leads to job role stress.

According to Goodwin and Radford (1993) job role stress is particularly relevant in retail services because there is high level of customer participation and frontline employees are bound by organizational rules and regulations. According to Dubinsky et.al (1984) job role stress is very important determinant of employee's loyalty to the organization and hence his/her intention to leave the organization, especially in case of employees in service sector who are in direct interaction with the customers.

It can be seen that over the last few years India has been experiencing a revolution in retail market. Retail is one of the highly manpower intensive industries. According to Budhwar et.al (2009) estimations 8 million people will be required in organized retail by 2011. But so far, the HR factors in retail management are largely ignored (Aneja, 2006). According to Heskett et al. (2003) front line employee's behavior and perception affects the customer satisfaction and intent of buying behavior which in turn have impact on service productivity. Retailers over the years have developed and used various methods for their performance measurement as well as development of strategy.

There have been many studies conducted on job role stress and its impact on employee job performance and service effectiveness in different sectors but hardly any with respect to

organized Indian retail sector. Also in most of the studies the employee point of view is hardly taken into consideration. This study is an attempt to fill in this gap.

The study starts with examining whether frontline employee role performance towards the customers is dependent on job role stressors i.e. role conflict and role ambiguity by means of non-parametric chi-square test. Then it is investigated whether there is negative or positive relationship between job role stressors i.e. role conflict and role ambiguity and frontline employee role performance by using Spearman rank correlation coefficient. This is followed by the limitations, future scope and implications of the study.

2. A Brief Survey of Literature

In the first section the two forms of frontline employee role performance relevant to this study are introduced (prosocial role performance & non role performance). Second section explains the theoretical and empirical literature on job role stressors i.e. role conflict & role ambiguity are discussed. The third section focuses on theories linking internal service quality to employee role performance setting up the premise for the fourth section which deals with the relationship between employee role performance and Job role stressors.

2.1. Employee performance

Employee role performance for the purpose of the study refers to behaviors of frontline employees towards the organization, individual and group that can be broadly categorized as – prosocial role performance & non-role performance (Bettencourt and Brown 1997). The focus of this research is on frontline employee role performance towards the customers.

2.1.1. Frontline employee role performance towards the customers

Prosocial role performance can be perceived as to helpful behaviors of employees directed toward the organization or toward other individuals (Bettencourt and Brown 1997). Frontline employee role performance may be directed towards either co-workers or customers (Brief and Motowidlo 1986; George and Bettenhausen 1990). Co-worker directed prosocial behaviors are organizational citizenship behaviors directed toward co-workers and performed by employees. Customer-directed prosocial behaviors or the prosocial role performances are directed towards and perceived by the customer. These behaviors are of particular interest in this study as they enable to understand the impact of frontline employee role performance towards the customers on the service effectiveness i.e. the gap between the customer expectations & customer perception of service quality. For the purpose of the study the customer –directed prosocial behaviors will be called as “frontline employee role performance towards the customers”.

Customer-directed prosocial behaviors, or the prosocial role performances that are directed towards and perceived by the customer, called as “Frontline employee role performance towards the customers” are of particular interest in this study as they have direct implications for customer perceptions of service quality. Two types of frontline employee role performance towards the customers can be viewed as being beneficial to the firm: role-prescribed performance or in-role performance and extra-role performance (Bettencourt and Brown 1997). First, role-prescribed performance refers to expected employee behaviors during provision of service to the customers or behaviors specified as a formal part of an individual’s role or job (Bettencourt and Brown 1997; Brief and Motowidlo 1986). According to Borman and Motowidlo, 1993 these behaviors can also be known as employee in role performances. It comprises of core job responsibilities of the employees included in employee’s formal job description. For e.g.: (1) having knowledge about the firm , firm’s and competitors products and services and the customers (2) performing in-role tasks as specified in formal job description ,such as proper

processing of customers orders and conducting mandated checkout procedures (3)conducting proper product displays ,store signage and opening/closing procedures

Second, extra-role performance refers to the discretionary behaviors in which employees engage that benefit the firm in some way and when such performance are targeted towards the customers they are called as extra -role performances towards the customers (ERPC) (Borman and Motowidlo,1993) . According to Bettencourt et al. (2001) ERPC includes participation and service delivery. Participation means voluntary initiatives that add on to service while communicating with the customers and service delivery means extra efforts to respond to customer queries .For this research ERPC can be defined as the extra efforts taken by the employee to meet the needs of customers during employee-customer interface.

It is employer's belief that customers will stay loyal when they are given personal attention in this mass customer market driven technology (Brief and Motowidlo, 1986). Extra-role service behavior of employees is dependent on the self-emotional appraisal & employees control of emotional responses of the customer (Tsai, 2009).

The focus of this study is on frontline employee role performance towards the customers and following service effectiveness parameters will be used to measure the same:

- Extra-assistance beyond Job Responsibilities
- Timeliness
- Ease of service
- Prompt service
- Behavior instills confidence & safety
- Politeness
- Consistent service
- Willingness to help customers
- Multitasking attitude
- Knowledge about the product

2.2. Job role stressors

Kahn et al. (1964) define role stress as a composite construct consisting of two role stressors which include role conflict and role ambiguity. There have been many studies conducted on relationship between role ambiguity ,role conflict and many other correlates since the first introduction of theory of organizational dynamics ((Kahn, Wolfe, Quin, Snoek, & Rosenthal, 1964).Most of the studies indicates that role stress is accompanied by anxiety and nervousness and affects job performance(Behrman & Perreault, 1984).

2.2.1. Role conflict

Role conflict is defined as "The simultaneous occurrence of two (or more) sets of pressures such that compliance with one would make more difficult compliance with the other" (Kahn et al., 1964, p. 19). For the purpose of the study role conflict is defined as conflict resulting due to clash of expectations of the organization and expectations of customers. For instance, when a superior expects that an employee serves as many customers as possible, a customer at the same time may demand personal attention.

The following parameters will be used to measure role conflict:

- Job responsibilities are situation based
- Inadequate resources to complete the assignment
- Work-group conflict
- Foregoing of rule & policy

- Incompatibility of orders
- Clash of Job responsibilities
- Importance of job done

2.2.2. Role ambiguity

Kahn et al. (1964), Walker et al. (1975) mentions that role ambiguity occurs when employee has incomplete information about the job to be performed. For the purpose of the study role ambiguity is defined as the confusion regarding the actual job responsibilities due to lack of well define job description (Chenet, Tynan, & Money, 2000; Matterson & Ivancevich, 1987; McLean, 1979; Sutherland, & Cooper, 1991).

The following parameters will be used to measure role ambiguity:

- Clarity of authority
- Clarity of objectives
- Time Management
- Clarity of responsibilities
- Clarity of expectations from management
- Clarity of communications
- Training provided

The two theories that can be studied to understand the relationship between internal service quality & employee satisfaction, include social exchange theory (Homans, 1961; Blau, 1964) and the inducements/contributions framework (March and Simons, 1958). The reason to understand these theories before reviewing job role stress is that they help to establish relationship between internal service quality & employee satisfaction. Internal service quality can be defined as "feelings that employees have towards their jobs, colleagues, and companies" (Heskett et al, 1994). Thus outcome of inefficient internal quality can be job role stress. So reviewing these two theories after job role stress will give better understanding of job role stress. Both the theories originate in social psychology where they were used to explain relationships among individuals; over the last forty years, they have found their way into economic and business management literature as methods of understanding the relationships between individuals and business organizations.

2.3. Job role stressors & Employee role performance

According to Hochschild, 1983; Mohr *et al.* 2007 job role stress is uni-dimensional construct exclusively concerned with the intensity and frequency of emotional displays which have impact on employee performance and others like Kruml and Geddes, 2000; Morris and Feldman, 1997; observed it as a multi-dimensional construct .Kahn et al. (1964) define role stress as a composite construct consisting of two role stressors which include role conflict and role ambiguity

There have been many studies conducted on relationship between role ambiguity ,role conflict and many other correlates since the first introduction of theory of organizational dynamics ((Kahn et. al. 1964).Most of the studies indicates that role stress is accompanied by anxiety and nervousness and affects job performance(Behrman & Perreault, 1984).

According to Dubinsky and Mattson (1979) and Abramis (1994) there is a negative relationship between role stress and job performance. According to Yousef (2000) who investigated 397 employees from several manufacturing and service organizations in the United Arab Emirates, found that low perceptions of both role conflict and role ambiguity would predict better job performance. Behrman and Perreault (1984) found a negative relationship between role ambiguity and job performance and a positive relationship between role conflict

and job performance (see also Michaels, Day, & Joachimsthaler, 1987). Thus it can be seen that there is inconsistencies in impact of job role stressors on employee performance (Schuler, 1975)

Though, substantial numbers of empirical studies (Hochschild, 1983; Kahn, 1993; Morris and Feldman, 1996) so far were able to demonstrate negative effects of job role stressors but few other studies exhibited different results. Adelman (1995) carried out a study on table servers and found no relationship between job role stressors and job outcomes while Kahn, 1993 found an independent effect of job conditions and job role stressors on job strain, job satisfaction and psychological distress. Van Maanen and Kunda (1989) focused on the constraining consequences of being employed at Disneyland, whereas Schuler and Sypher (2000) mentioned the positive aspects of job role stress. Hochschild (1983) mentioned that high-emotional demands had negative effects on psychological and physical health. Rutter and Fielding (1988) reported that job role stress is negatively associated with job satisfaction.

However, other studies did not uniformly find these negative effects, and some even found positive effects of job role stressors. According to Putnam and Mumby (1993), job role stress reduces the discretion exercised by the workforce in performing their jobs, whereas, stress free environment enable them to manage their emotions so as to enhance organisational effectiveness (Van Maanen and Kunda, 1989). Further, it was disclosed by Wharton (1999) that the consequences of job role stressors may be highly contingent upon other characteristics of the job and the organization. Pugh (2001) found that the display of positive emotions was related to customer satisfaction and customers' positive affect which may be indicators of successful service interactions. These processes may contribute to feelings of personal accomplishment. Wharton (1993) found a positive relation between job role stress levels and employee performance. Kruml and Geddes (2000) contended that job role stressors can benefit an employee depending on the employee strategy utilized.

But there is hardly any previous research focusing on impact of job role stressors on frontline employee role performance towards the customers and service effectiveness from the frontline employee perspective who are the actual service providers in organized Indian retail sector. To fill this major gap the research is undertaken.

3. Data & Research Methodology

3.1 Research Design

The research design used is explanatory

Sr.No.	Research Questions	Research Objective	Hypotheses	Questionnaire	Tools Used
1.	Do Role conflict have significant impact on frontline role performance towards the customers(ERPTC)	To investigate the significance of role conflict on ERPTC	Hypothesis 1 Null Hypothesis(H_0) : Role conflict is not significant in influencing the frontline employee role performance	A seven - item , seven - point scale that measures the level of job role conflict faced by frontline employees (Rizzo et.al, 1970)	Non-parametric Chi-square Test

2.	Do Role ambiguity have significant impact on frontline role performance towards the customers	To investigate the significance of role ambiguity on ERPTC	Hypothesis 2 Null Hypothesis(H ₀) : Role ambiguity is not significant in influencing the frontline employee role performance	A seven - item , seven - point scale that measures the level of job role ambiguity faced by frontline employees (Rizzo et.al, 1970)	Non-parametric Chi-square Test
3.	Is relationship between role conflict and ERPTC negative or positive?	To examine the direction of relationship between role conflict and ERPTC	Hypothesis 3 Null Hypothesis(H ₀) : There is no negative relationship between role conflict and ERPTC	A one-item ,seven point scale that measures role conflict & ERPTC	Spearman's correlation coefficient
4.	Is relationship between role conflict and ERPTC negative or positive?	To examine the direction of relationship between role ambiguity and ERPTC	Hypothesis 4 Null Hypothesis(H ₀) : There is no negative relationship between role ambiguity and ERPTC	A one-item ,seven point scale that measures role conflict & ERPTC	Spearman's correlation coefficient

Table 1 Research Methodology Flow

3.2. Sampling design

The basic purpose of sampling is extrapolation from the part to the whole—from “the sample” to “the population.” (The population is also referred to as “the universe.”) There is an immediate corollary: the sample must be chosen to fairly represent the population. Methods for choosing samples are called “designs.” There are 2 studies involved in this research

Study 1: Significance of Job role stressors on frontline employee role performance towards the customers

Study 2: Direction of relationship between job role stressors and frontline employee role performance towards customers

The sales personnel of Departmental stores located in 5 strata (Table 2) of Mumbai having experience of atleast 1 year and more with the present store constitute the sample for the field study with respect to survey questionnaire comprising information regarding frontline employee role performance towards the customer, job role stressors i.e. role conflict and role ambiguity and service effectiveness factors. The sales personnel were chosen because they are majorly in direct contact with the customers and have an influence on their purchasing decisions. 5 Strata of Mumbai were chosen for sampling on basis of these areas being highly populated in Mumbai with respect to departmental stores density as well as population density.

Sr.no.	Zone	Number of department stores	Number of sales personnel
1	Nariman point, Haji Ali, Worli , Lower Parel,Dadar, Mahim	80	1600
2	Bandra,Santacruz,Andheri,Goregoan,Malad,Borivali,	75	1400
3	Matunga,Chembur,Ghatkoar,Bhandup	53	800
4	Mulund,Thana,Kalwa,Kalyan	45	680
5	Airoli,Vashi,Nerul,Kharghar	35	520

Table 2 Selected Strata's for Sampling design

The sampling method used for sales personnel is stratified random sampling. First of all departmental stores located in 5strata's of Mumbai are selected and sales people are randomly sampled from these strata.

The following equation is used to calculate the sample size (S) :

Total population = 5000

Sample selected is 10% of the total population i.e. 500

So Sample weightage point is $500/5000= 0.1$

So from each stratum following number of employees will be selected on random basis:

Strata 1 = 160

Strata 2 = 140

Strata 3 = 80

Strata 4 = 68

Strata 5 = 52

Prior to questionnaire administration ,several meetings were held with sales personnel and HR managers to (1) become more familiar with the specific language and job responsibilities of the respondents (2) review and discuss the data collection procedures (3) identify relevant context -specific role performance and service productivity measures with special emphasis on frontline employee role performance towards customers and service effectiveness and (4) to assure the appropriateness of the various survey measures and instructions. These also helped to guide survey development, improvement and implementation.

A large sample of frontline employees and customers is required to reduce the error variance of the sample and to increase the power of the statistical tests (Cohen 1992; Kerlinger and Lee 2000).

4. Data analysis and Interpretation

The tabulated data has been analyzed by using SPSS 17.0 consisting of the following statistical techniques:

- **Bivariate Analysis** - It has involved only two variables and the methods related to this analysis include Spearman correlation coefficient.
- **Multivariate Analysis** - It has involved more than two variables at a time. It has explained the associations among more than two variables simultaneously. Non-parametric test is used.
- **Hypothetical Analysis** - The hypothesis which is formulated has been tested by using meanvalue analysis, Spearman Correlation Coefficient and Non parametric test.

4.1. Influence of role ambiguity on Frontline employee role performance

The following hypothesis is tested to know the influence of Role Ambiguity on the Frontline Employee role performance

Hypothesis 1

Null Hypothesis(H_0) : Role Ambiguity is not significant in influencing the frontline employee role performance towards the customers

Alternative Hypothesis(H_1): Role Ambiguity is highly significant in influencing the frontline employee role performance towards the customers

Role Ambiguity	SD	DA	DS	UND	SWA	A	SA	TOTAL
AUTHORITY	50	59	54	40	87	74	136	500
OBJECTIVES	35	43	64	41	93	119	105	500
TIME	50	66	40	40	125	67	112	500
RESPONSIBILITIES	56	50	40	45	83	129	97	500
EXPECTATIONS	58	45	45	42	75	127	108	500
COMMUNICATION	45	56	50	42	70	118	119	500
TRG & DEV	59	42	61	42	96	76	124	500
Total	353	361	354	292	629	710	801	3500

Table 3 Role Ambiguity* Employee Responses [Cross Tabulation]

Description	Value	df	Asymp. Sig.
Spearman rank Chi-Square	1.053E2	36	.000
Likelihood Ratio	106.088	36	.000
Linear-by-Linear Association	.041	1	.840
N of Valid Cases	3500		

Table 4 Chi-Square Analysis for Role Ambiguity * Employee Responses

4.1.2. Interpretation (From Table 4)

It can be seen from the table 4 that the significance (0.00) is less than the assumed value (0.05). So we reject H_0 . This means that Role Ambiguity is highly significant in influencing the employee role performance. It shows that there should be no ambiguity in the role performed by the employees.

4.2. Influence of role conflict on the frontline employee role performance

The following hypothesis is tested to know the influence of Role Conflict on the frontline employee role performance

Hypothesis 2

Null Hypothesis(H_0) : Role Conflict is not significant in influencing the frontline employee role performance towards the customers

Alternative Hypothesis(H_2): Role Conflict is highly significant in influencing the frontline employee role performance towards the customers

Role Conflict	SD	DA	DS	UND	SWA	A	SA	TOTAL
JOB	41	50	43	41	80	130	115	500
INADEQUATE	43	60	45	40	70	122	120	500
WORK-GROUP	48	47	43	42	78	136	106	500
RULE & POLICY	45	55	47	40	74	101	138	500
INCOMPATIBILITY	50	45	51	42	78	104	130	500
EXPECTATIONS	52	45	42	41	96	106	118	500
IMP.JOB	41	48	57	43	81	107	123	500
Total	320	350	328	289	557	806	850	3500

Table 5 Role Conflict * Employee Responses [Cross Tabulation]

Description	Value	Df	Asymp. Sig.
Spearman rank Chi-Square	1.453E4	36	.000
Likelihood Ratio	10781.985	36	.000
Linear-by-Linear Association	2732.040	1	.000
N of Valid Cases	3500		

Table 6 Chi-Square Analysis for Role Conflict * Employee Responses

4.2.1. Interpretation (From Table 6)

It can be seen from the table 6 that the significance (0.00) is less than the assumed value (0.05). So we reject H_0 . This means that Role Conflict is highly significant in influencing the employee role performance.

4.3. Job role stressors and Frontline employee role performance towards the customers

Relationship between job role stressors i.e. role conflict and role ambiguity and frontline employee role performance towards the customers

Hypothesis 3

Null Hypothesis (H_0): There is no negative relationship between role conflict and frontline employee role performance towards the customers

Alternative Hypothesis (H_3): There is negative relationship between role conflict and frontline employee role performance towards the customers

Hypothesis 4

Null Hypothesis (H_0): There is no negative relationship between role ambiguity and frontline employee role performance towards the customers

Alternative Hypothesis (H_4): There is negative relationship between role ambiguity and frontline employee role performance towards the customers

4.3.1. Spearman rank correlation coefficient at (α) 0.01 level of significance

For hypothesis 3 and hypothesis 4, Spearman rank correlation coefficient at (α) 0.01 level of significance is used

Factor	Frontline employee role performance
Role Conflict	-0.983
Role Ambiguity	-0.984

Table 7 Spearman rank correlation coefficient at (α) 0.01 level of significance

4.3.2. Interpretation (From Table 7)

Table 7 shows that a negative correlation and significant relationship exists between frontline employee role performance towards the customers and role conflict with ($r = -0.983$) and role ambiguity with ($r = -0.984$) Thus null hypothesis 3 and null hypothesis 4 is rejected and alternate hypothesis 3 and alternate hypothesis 4 is accepted, stating that there is negative relationship between job role stressors i.e. role ambiguity and role conflict and frontline employee role performance towards the customers

4.4 Background information of Frontline employees

Out of 500 respondents surveyed, 29% are male and 71% are female. In general it can be inferred that there are more female employees in departmental stores than the male counterpart. On further questioning to HR department it was found that the reason behind this is females are preferred over male employees as they are more service oriented in general. With respect to age factor out of 500 respondents surveyed 96% of employees are 35 yrs & below. This finding can be explored by the HR managers to design motivational strategies catering to the needs of this

age group like providing home loans, marriage loans, sabbaticals for studies , tie-ups with educational institutes for further education , on the spot incentives, medical benefits etc. to increase performance & reduce stress. With respect to educational background out of 500 respondents surveyed only 8.4 % of employees are masters. Thus it can be inferred that majority of frontline employees can be motivated by providing scope for further education by tie-ups with educational institutions , providing sabbaticals etc. This may also enable to decrease attrition rate prevalent in retail industry and increase employee performance.

With regards to marital status out of 500 respondents surveyed 55.2 % are single & 44.8 % employees are married. With regards to annual income , out of 500 employees surveyed 85.4 % employees have annual salary 1 lakh (USD \$1462) & below. On further questioning the employees it was found that the current salary levels were not adequate to meet the basic requirements of the employees & thus revising the salary levels is essential to motivate the employees. Out of 500 employees surveyed 44.4% and 20.4% employees feels most stressed on weekend evenings & weekend afternoon .On further questioning it was found that the reason for the same was departmental stores are crowded during weekends especially evenings and also during festive seasons & sale offers in the departmental stores. So some measures like increasing the number of employees during this time by adding part time or contract employees or providing added trainings & incentives for handling multiple customers etc. should be undertaken to increase employee performance and reduce stress.

With respect to work experience out of 500 employees surveyed 47.2 % of employees have work experience of more than 4 yrs in the retail industry. With respect to work experience with present employer, out of 500 employees surveyed only 6.4 % of employees have worked in the given departmental stores for more than 4 yrs. as against 47.2% employees who have work experience of more than 4 yrs. in the retail industry. From this it can be inferred that employees are not moving outside the retail industry but within the industry, thus innovative employee engagement measures can help to curb the attrition rate in the retail industry.

5. Discussion & Summary

According to the findings of the studies job role stressors i.e. role conflict & role ambiguity have significant influence on frontline employee role performance towards the customers. Also both the job role stressors i.e. role ambiguity and role conflict are negatively related to frontline employee role performance towards the customer i.e. the presence of job role stressors have negative impact on frontline employee role performance towards the customers.

The results of this study indicate that the effect of job role stress must be considered in the management of an organization. A negative relationship was found between role ambiguity and job performance, and between role conflict and job performance. Behrman and Perreault (1984) also found a negative relationship between role ambiguity and job performance, and a negative relationship between role conflict and job performance. Michaels et al. (1987) also came to the same conclusion. Thus the retails managers should focus on methods of easing role conflict and role ambiguity by redesigning of the HR environment in the department stores. Role ambiguity among frontline employee can be reduced by giving them empowerment, clarity with respect to their personal and organizational objectives and alignment of the two, training in time management, clarity with respect to job responsibilities and expectations from the stakeholders of the department stores along with transparency and clarity in communication and last but not the least frequent, up to-date continuous training and development programs (Carlzon, 1987; Chenet et al., 2000; Schlessenger & Heskett, 1991, Rizzo et al. 1970).

White and Williams (2000) indicated that education and training are important for maintaining competitive advantage – training courses emphasizing problem-solving techniques could be tailor-made for frontline employees to deal with the stakeholders of the department stores.

Role conflict among the frontline employees can be improved by giving decision making powers, provision of adequate resources to meet the requirements of the customers, resolving grievances with regards to interpersonal and group conflicts and focusing on promotion of team work, clarity with respect to flexibility of rules, regulations and policies allowed with respect to meeting customer requirements, focusing on unity of command and providing insight to the frontline employees with respect to the importance of job done by them.

Leader Member exchange (LMX) theory which is best understood within the “leadership making model” proposed by Graen and Uhl-Bien (1995) suggest that having a high-quality relationship with one’s leader can affect the entire work experience in a positive manner, including reduction in job role ambiguity, increase in performance and improved service effectiveness (Gerstner & Day, 1997). Thus it can be learning for the managers that instead of treating leadership as a role it can be treated as a process and the leaders should be sensitized by the organizational training with respect to the impact their behaviors and decisions have on followers and organizations growth.

Thus the findings of this study comprise of useful reference information for optimizing the application of organizational management and human resources with respect to departmental stores which can be generalized to organized retail environment.

6. Limitation of empirical study

This dissertation provides insight into both theoretical and managerial implications. However, as is true with any study, the findings of this dissertation should be viewed with caution due to the following limitations. The current study is limited by the use of a single format of organized retail, homogenous sampling organizations, length of the survey instrument, social desirability, and confidentiality with respect to names of departmental stores and frontline employees from which data is obtained as the topic of service effectiveness is sensitive.

7. Direction for Future research

Frontline employees’ role performance towards customers plays a crucial role with regards to service effectiveness experienced by the customer which in turn is a deciding factor with respect to customer retention and customer loyalty. Job role stressors i.e. role conflict and role ambiguity have significant influence on frontline employee role performance towards the customers. While adding to the body of research already conducted in the area of frontline employees, this study lays the groundwork for future research on Job role stressors and its impact on motivation levels of frontline employees, attrition rate etc. There is also future scope to investigate the impact the quality of Leader member exchange have on job role stress i.e. job role ambiguity, job role conflict etc. and service effectiveness which can provide insights into the leader’s role in reducing stress and increasing service effectiveness delivered by frontline employees in organized Indian retail context (Slattery et al, 2008)

This study provides an insight into significance of the influence and relationship of job role stressors i.e. role conflict and role ambiguity on frontline employee role performance towards the customers. The results of this dissertation suggest that both job role stressors i.e. role conflict and role ambiguity have significant influence on frontline employee role performance towards the customers. Role conflict as well as role ambiguity was found to have negative relationship

with frontline employee role performance towards the customers. Future research could investigate further into the relationship that the other forms of job role stressors i.e. personal inadequacy, job role erosion, role stagnation, role overload etc. have on frontline employee role performance towards the customers.

Conclusion

The nature of HRM is known to be 'context specific' (Brewster, 2005). Budhwar and Khatri (2001) argue that the HRM system varies from country to county and can either be universal or context specific, like in India's case where there is a strong relationship between the social contacts and Human resource management practices like career development, leadership etc. which presents the context-specific nature of such a practice. Thus according to the findings of the research major HR issues that exists with respect to retail sector include presence of job role stressors i.e. role conflict and role ambiguity that have negative relationship and significant impact on frontline employee role performance towards the customer. To conclude if these issues are handled tactfully by combined effort of the HR department and management team the contribution of retail sector to Indian economy would continue and multiply in the year to come.

References

- Abramis, D. J. (1994), 'Work role ambiguity, job satisfaction, and job performance: Metaanalyses and review' *Psychological Reports*, Vol. 75, pp.1411-1433.
- Adelman, P. K. (1989), 'Emotional labor and employee well-being' Unpublished doctoral dissertation, University of Michigan, Ann Arbor.
- Aneja, R.K (2006), 'HR Factor in Retail Largely ignored', <http://www.rediff.com/money/2006/dec/30spec.htm>
- Behrman, Douglas N. & Perreault, William D. (1984), 'A Role Stress Model of the Performance and Satisfaction of Industrial Salespersons', *Journal of Marketing*, Vol. 48, pp. 9-21.
- Bettencourt Lance A. and Stephen W. Brown (1997), 'Contact Employees: Relationships among Workplace Fairness, Job Satisfaction and Prosocial Service Behaviors,' *Journal of Retailing*, Vol. 73 No.4, pp. 39-61.
- Bettencourt Lance A. and Stephen W. Brown. (2003), 'Role stressors and customer-oriented boundary-spanning behaviors in service organizations', *Journal of the Academy of Marketing Science*, Vol. 31 No. 4, pp. 394-408.
- Bitner, M.J., (1990), 'evaluating service encounters: the effects of physical surroundings and employee responses', *Journal of Marketing*, Vol. 54, pp. 69-82.
- Borman, W. C., S. J. Motowidlo. (1993), 'Expanding the criterion domain to include elements of contextual performance', N. Schmitt, W. C. Borman, eds. *Personnel Selection in Organizations*. Jossey-Bass, San Francisco, CA, pp.71-98.
- Brewster, C. (1999), 'Strategic Human Resource Management: the Value of Different Paradigms', *Management International Review*, Vol. 39, pp.45-64.
- Brief, Arthur A. and Stephan J. Motowidlo (1986), 'Prosocial Organizational Behaviors,' *Academy of Management Review*, Vol. 11 (October), 307-311.
- Budhwar, P. and Bhatnagar, J. (2009), 'The Changing Face of People Management in India', London: Routledge.
- Chenet, P., Tynan, C., & Money, A. (2000), 'the service performance gap: Testing the redeveloped causal model', *European Journal of Marketing*, Vol.34, pp.472.
- Dubinsky, A. J., & Mattson, B. E. (1979), 'Consequences of role conflict and ambiguity experienced by salespeople', *Journal of Retailing*, Vol.57, pp. 70-86.

- George and Kenneth Bettenhausen (1990), 'Understanding Pro-social Behavior, Sales Performance, and Turnover: A Group-Level Analysis in a Service Context,' *Journal of Applied Psychology*, Vol. 75 No. 6, 698-709.
- Goodwin, C., Radford, R., (1993), 'Models of service delivery: an integrative perspective', *Advances in Services Marketing and Management*, Vol. 2, pp. 231-252.
- Heskett, J. L., W. E. Sasser, L. A. Schlesinger. (2003), 'the Value-Profit Chain: Treat Employees like Customers and Customers like Employees', The Free Press, New York.
- Hochschild, A. (1983), 'the managed heart: Commercialization of human feeling', Berkeley: University of California Press.
- Hsiung, Hsin-Hua and Wei-Chi Tsai (2009), 'Job Definition Discrepancy between Supervisors and Subordinates: The Antecedent Role of LMX and Outcomes,' *Journal of Occupational and Organizational Psychology*, Vol.82 No.2, pp.89-112.
- Jyoti Sharma and Arti Devi (2011), 'Role stress among employees: An empirical study of commercial banks', *Gurukul Business Review (GBR)*, Vol. 7, pp.53-61.
- Kahn, R.L., Wolfe, D.M., Quinn, R.P., Snoek, J.D., Rosenthal, R.A. (1964), 'Organizational Stress: studies in Role Conflict and Ambiguity', Wiley, New York.
- Kruml, S. M., & Geddes, D. (2000b), 'Catching fire without burning out: Is there an ideal way to perform emotion labor?' In N. M. Ashkanasy, C. E. Härtel, W. J. Zerbe (Eds.), *Emotions in the workplace* (pp.177-188). Westport, CT: Greenwood.
- Kruml, S.M., & Geddes, D. (2000a), 'Exploring the dimensions of emotional labor: The heart of Hochschild's work', *Management Communication Quarterly*, Vol. 14, pp. 8-49.
- Micheals, R.E., Day, R.L., Joachimsthaler, E.A., (1987), 'Role stress among industrial buyers: an integrative model', *Journal of Marketing*, Vol. 51, pp.28-45.
- Mohr, Philip, Kevin Howells, Adam Gerace, Andrew Day, and Michelle Wharton (2007), 'The Role of Perspective Taking in Anger Arousal', *Personality and Individual Differences*, Vol. 43 No.3, pp.507-517.
- Pareek, U. (1993), *Making Organizational Roles Effective*, Tata McGraw-Hill, New Delhi.
- Putnam, L. L., & Mumby, D. K. (1993), 'Organizations, emotion and the myth of rationality', In S. Fineman (Ed.), *Emotion in organizations* (pp. 36-57). London: Sage.
- Schuler, R. S. (1975), 'Role perception, satisfaction, and performance: A partial reconciliation', *Journal of Applied Psychology*, 65, pp.183-194.
- Slattery, Jeffrey P., Selvarajanb T. and Andersonc, John E. (2008), 'The Influences of New Employee Development Practices upon Role Stressors and Work-related Attitudes of Temporary Employees', *The International Journal of Human Resource Management*, Vol. 19, No. 12, 2268-2293, <http://dx.doi.org/10.1080/09585190802479512>
- Van Maanen, J., & Kunda, G. (1989), 'Real feelings: Emotional expression and organizational culture' In L. Cummings & B. Staw (Eds.), *Research in organizational behavior* (pp. 43-103). Greenwich: JAI.
- Wheatherly, K.A., Tansik, D.A., (1993), 'Tactics used by customer contact workers: effects of role stress, boundary spanning and control', *International Journal of Service Industry Management*, Vol. 4, pp. 4-17.
- Yousef, D. A. (2000), 'the interactive effects of role conflict and role ambiguity on job satisfaction and attitudes toward organizational change: A moderated multiple regression approach', *International Journal of Stress Management*, Vol.7, pp.289-303.

Assessment of knowledge and awareness of global warming among inhabitants of industrial areas of an urban community in Nigeria

Ruth Ochanya Adio-Moses

Department of Human Kinetics and Health Education
University of Ibadan, Nigeria

Aladejana J. A.

Department of Geology
University of Ibadan, Nigeria

Key words

Knowledge, global warming, environment, greenhouse effect, atmosphere,

Abstract

Global warming with its attendant consequences such as extreme heat, natural disasters, poor air quality and allergens has increased health problems. The risk of injury, illness and resulting death among inhabitants are expected to be frequent and intense especially in areas with heavy industrial presence. The current low level of literacy and the socio-economic situation of Nigerians could be responsible for their low consciousness of this unpreventable changes in our climate in one hand and lack of willingness on the part of people to seek environmental health and safety information on the causes, effect and how to mitigate global warming on the other hand. This study focuses on assessment of knowledge and awareness of causes, effects and mitigating measures of global warming among inhabitants of industrial areas of Ibadan southwestern Nigeria. In this descriptive survey, purposive sampling technique was used to select 200 respondents from among the inhabitants of this area. A questionnaire with reliability co-efficient (r) of 0.78 was used for data collection. Two research questions were answered and three hypotheses tested at 0.05 level of significance. Statistical methods such as Chi-square, frequency count, simple percentage and pie chart were used for data analysis. Results showed that only 20% had 34.0% had negative attitude while 81 (40.5%) were indifferent, all the three hypotheses were rejected. Consequently, it was deduced that respondents have significant knowledge of global warming. In recommendation, people's environmental health seeking behaviour should be promoted through multidisciplinary and interdisciplinary research and the development of inclusive environmental health and safety intervention strategies.

Introduction

Global Warming is the increase in the average temperature of the Earth's surface, air and oceans. It is a global phenomenon that has the potential to adversely affect human lives if corrective measures are not taken. Global Warming occurs when Green House Gases in the atmosphere like, carbon dioxide, methane, and nitrogen oxide are increased. Human activities such as exhaust from automobile and industrial combustion engine, gas flaring during hydrocarbon refinery and deforestation and overgrazing with resulting desertification are some of the main causes for increases in greenhouse gases (Oshuntokun, 2003).

When any of these happen it releases carbon dioxide into the atmosphere (Titus, 2000). In global warming, the increase in average temperature of the earth's atmosphere is -especially sustained and great enough to cause changes in the global climate' (Peterson and Vose, 2007). The term global warming is also synonymous with enhanced greenhouse effect, leading to entrapment of more and more solar radiations, and thus increasing the overall temperature of the earth (Still, Foster & Schneider, 2009).

It is undisputed that the average temperature at the surface of the earth has increased over the past century by about 1°F (0.6°C), with both the air and the oceans warming up (National Climatic Data Center (NCDC), 2004). Since 1880, when people in many locations first began to keep temperature records, the 25 warmest years have all occurred within the last 28 years (Karl, 2008). While it has not yet been precisely determined how much of the recent warming was caused by human activities, the consensus among climate scientists is that most of the warming over the past 50 years was probably caused by human-produced greenhouse gases (International Panel on Climate Change. 2001). Indeed as the global temperature becomes hotter, heat waves will become regular, more severe, and persistent.

The Physicians for Social Responsibility (2015) warned that unless greenhouse gas emissions are reduced, temperatures are projected to increase by an additional 2 to 11.5 degrees Fahrenheit by 2100. They further explained that already, rising temperatures have disrupted climate patterns around the world, resulting in more frequent intense storms and more intense heat waves. They also asserted that though heat waves normally affect broad geographic regions and resident populations, certain groups are particularly vulnerable. The very old and the very young tend to have reduced heat-regulating mechanisms and are at increased risk. The poor, the socially isolated, and those already suffering from chronic illness also are likely to be disproportionately affected by an increase in heat wave frequency and severity." heat cramps, heat syncope (fainting), heat exhaustion heatstroke

In addition they also stressed that air pollution-related health impacts exacerbated by global warming are airborne allergens like pollen, higher occurrence and severity of asthma, aggravated chronic respiratory and cardiovascular disease, damaged lung tissue and premature death. Emergence of new diseases (30 previously unknown diseases since 1976), resurgence and/or redistribution of older diseases such as malaria, cholera, vectors and the disease-causing pathogens they transmit are impacted by higher temperatures.

The fact is, many widely accepted, peer-reviewed scientific studies have also found evidence that global warming has already had major impacts on the ecosystems and societies across the world (union of concerned scientist, 2011; Odjugo, 2010; Folorunsho and Awosika, 2001). Likewise, a report by Onibukun (2015) shows that Nigerians are beginning to feel the realities caused by global warming while Lagos state has seen greater rainfall and experienced very heavy wind which caused lots of damage to public and private property. Severe drought is being felt in Kaduna state and other parts of Nigeria. Massive and destructive floods have also been reported in almost all parts of Nigeria (Okereke, 2011). Indeed during the 21st century, climatic disasters occurred five times as frequently and killed or affected seventy times as many people. The immense geological changes will continue their destruction unabated if steps to educate people on ways to mitigate global warming are not taken (Naurzbaev and Vaganov 2000).

Hastenrath, (2001) concluded that It may be too late to stop global warming altogether, but its effect can be controlled. There is a time lag between the addition of greenhouse gases and their effects. Also once these gasses have been added to the atmosphere it is not possible to easily remove them. In fact because the world's economy is built around the use of fossil fuels for energy, we cannot stop adding more carbon dioxide to the atmosphere (It will take a lot of efforts by every nation and many years to reduce the amount of extra carbon that is added into the atmosphere). Barnett, (2005) opined that humanity may have only a narrow window of time left, perhaps a decade or so, to begin the long process of stabilizing greenhouse gas concentrations at a level that can avert devastating and irreversible impacts from climate change.

In a developing country like Nigeria, the highest per capita greenhouse gas producers are seen in gas flaring in the oil producing states, fumes from power generating plants, automobiles and agricultural practices. Tunde, Adeleke and Adeniyi, (2012) explained that activities like urbanization, population explosion, deforestation and industrialization aid the release of greenhouse gases which contribute highly to the depletion of the ozone layer and its associated global warming. Chukwu and Asiegbu (2011) stated that bush-burning and hunting, dumping of toxic materials and man's insatiable desires also aids global warming.

The adverse outcome of global warming has increase environmental health problems and its attendant consequences. Disasters, violence and disease are expected to be more frequent and intense especially in areas with heavy industrial presence in Nigeria. Most environmental health education programmes targeted at people yield little or no result. The current low level of literacy and the socio-economic situation of Nigerians could be linked high level of poverty and lack of willingness on the part of people to seek environmental health and safety information on the causes and effect of global warming.

The study area, Ibadan known as one of the largest and fast growing cities in Sub-Sahara Africa houses a large number of industries and some of the industrial areas also houses residential estates. The inhabitants of these industrial areas are not only exposed to pollutions from the industries but may likely feel the effect of extreme heat. The governments of Oyo state in collaboration with the Federal government have begun taking steps to mitigate the effects of global warming in Oyo state, however members of the public need to be more aware of this problem and start finding mitigating strategy to combat this unstoppable changes. All effort towards reducing the effect of global warming has been towards mitigation and adaptation as a result, neglecting what might be the most effective strategy for reducing global warming in our lifetimes which is educating people about causes, effect and possible solution. It is therefore important to assess the level of knowledge and awareness of the causes, effect and attitude of inhabitant of industrial areas in Ibadan Southwest towards global warming.

In order to achieve this, answers was sought for the following research questions;

1. What is the level of awareness of global warming among inhabitants of industrial area in Ibadan South-West Local Government Area of Oyo State?
2. What is the attitude of inhabitants of industrial area in Ibadan South-West Local Government Area of Oyo State towards global warming?

Also, the following hypotheses was tested among the inhabitants of the study area.

1. Inhabitants of industrial areas in Ibadan South-West Local Government Area of Oyo State do not have significant knowledge of the causes of global warming
2. Inhabitants of industrial areas in Ibadan South-West Local Government Area of Oyo State do not have significant knowledge of the effects of global warming
3. Inhabitants of industrial areas in Ibadan South-West Local Government Area of Oyo State do not have significant knowledge of the mitigating strategy against the effect of global warming

Study Approach

The study employed the use of descriptive survey design. Two hundred (200) inhabitants of industrial areas within Ibadan South-West Local Government Area of Oyo State were purposively selected. Two self-developed instrument were used for data collection. The first is the global warming awareness and attitude questionnaire, while the second is the knowledge of causes, effects and mitigating strategy of global warming questionnaire. Copies of the instrument were sent to experts in the field and their contributions were integrated into the final

copy to guarantee face and content validity. The instrument was also subjected to a test-retest method which yielded a reliability coefficient (r) of 0.71 and 0.78 respectively. The descriptive statistics of frequency count, percentage and pie-chart were used in analysing the research questions, while inferential statistics of Chi-square was used in testing all the hypotheses at 0.05 level of significance.

Results and Discussions

Demographic Variables	Frequency	Percentage
Age		
21-30	14	7
31-40	100	50
41-50	36	18
51-60	50	25
Marital Status		
Married	160	80
Not married	24	12
Widowed	16	8
Total	200	100

Table 1: demographic information of respondents

The table above showed the demographic information of the respondents of our study.

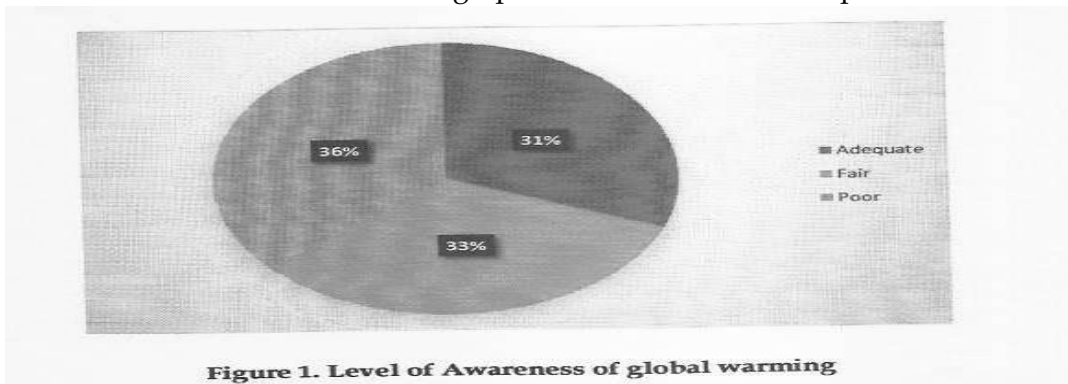


Figure 1. Level of Awareness of global warming

The respondents within the age bracket of 31- 40 (50%) were more in this research. Married respondents were 160 representing 80% of the sample.

Result of the research question 2 under three point scale (i.e, Positive, Negative and Indifferent) on assessment of the respondents attitude towards global warming is also presented in form of pie chart as shown in figure 2. It also revealed that the attitude of inhabitant of industrial areas in Ibadan Southwest towards global warming shows that 51 (25.5%) had positive attitude, 68 (34.0%) had negative attitude while 81 (40.5%) were indifferent, see figure 2. This shows that majority of inhabitant of industrial areas in Ibadan Southwest are indifferent towards global warming.

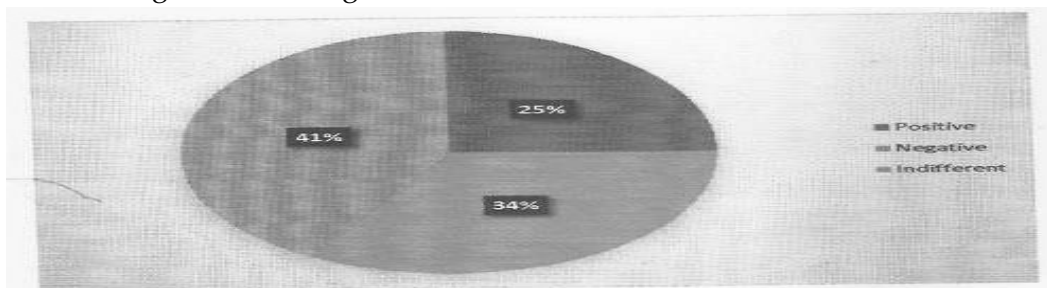


Figure 2. Attitude towards global warming

Results of the three hypotheses testing 1 -3 are presented in table 2-4 respectively below

	SA	A	D	SD	X ² cal	X ² crit	df	P
Too much of smoke from exhaust pipe of industrial machines can lead to global warming	61 30.5	119 59.5	20 10.0	-	270		12	.000
Too much smoke from exhaust pipe of cars can lead to global warming	70 35.5	120 60.0	10 5.0	-				
Burning of industrial waste can lead to global warming	51 25.5	119 59.5	29 14.5	1 0.5				
Global warming is caused by the presence of too much carbon in the atmosphere	21 10.5	129 64.5	49 24.5	1 0.5				
Constant Burning of bush can lead to global warming	67 33.5	128 64.0	2 1.0	3 1.5				
When fossil fuels are burnt, it could lead to global warming	59 29.5	139 69.5	1 0.5	1 0.5				
One of the effects of too much industrial gases in the atmosphere is global warming	39 19.5	147 73.5	13 6.5	1 0.5				
Falling of trees without replanting can lead to global warming	20 10.0	101 50.5	78 39.0	1 0.5				

Table 2: knowledge of the causes of global warming

The result of hypothesis 1 revealed that inhabitants of industrial areas in Ibadan Southwest Local Government Area of Oyo State have significant knowledge of the causes of global warming (X^2 Cal = 270.0, X^2 critical = 31.64, df = 12, P = .000). This showed that X^2 calculated is greater than X^2 critical, therefore we reject the null hypothesis and consequently conclude that the respondents have significant of what causes global warming.

	SA	A	D	SD	X ² cal	X ² crit	Df	P
Global warming can lead to extinction of some species of animals	49 24.5	79 39.5	71 35.5	1 0.5	59.84		13	.000
Global warming cause extreme heat	48 24.0	90 45.0	60 30.0	2 1.0				
Global warming is capable of causing genetic mutation in human being	78 39.0	88 44.0	32 16.0	1 1.0				
Global warming can also lead to prolonged droughts	40 20.0	97 48.5	60 30.0	3 1.5				
Global warming has resulted in the increase in rain fall in Nigeria and other parts of the world	83 41.5	87 43.5	30 15.0	-				
Global warming can lead to poor air quality	39 19.5	31 15.5	117 58.5	13 6.5				
Heavy floods is also one of the effect of global warming	29 14.5	71 35.5	87 43.5	13 6.5				
Global warming can lead to allergies	51 25.5	39 19.5	97 48.5	13 6.5				
Global warming can lead to extinction of some species of plants	52 26.0	88 44.0	57 28.5	3 1.5				
Global warming can lead to easy spread of disease	39 19.5	99 49.5	61 30.5	1 0.5				

Table 3: knowledge of the effect of global warming

The result of hypothesis 2 showed that X^2 cal = 59.84, X^2 crit = 31.64, df = 13, P = .000). This showed that X^2 calculated is greater than X^2 critical, therefore the null hypothesis was rejected. The result revealed that knowledge of the effects of global warming is significant among inhabitants of industrial areas in Ibadan Southwest Local Government Area of Oyo State

	SA	A	D	SD	X ² cal	X ² crit	Df	P
Global warming can be controlled through planting of trees	69 34.5	91 45.5	40 20.0	-	173.49		12	.000
Human being must reduce the use of fossil fuels	31 15.5	149 74.5	20 10.0	-				
Indiscriminate burning of bush must stop	43 21.5	127 63.5	29 14.5	1 0.5				
Burning of industrial waste and industrial emission must be minimized	92 46.0	88 44.0	19 9.5	1 0.5				
Cars that are not fit for road should be removed	79 39.5	99 49.5	22 11.0	-				
Illegal falling of tress should be eradicated	49 24.5	131 65.5	19 9.5	1 0.5				
Helping to switch of lights when not in use will go a long way in reducing global warming	107 53.5	93 46.5	-	-				
Educating people on the causes	94 47.0	106 53.0	-	-				

Table 4: knowledge on the methods to control global warming

The result of hypothesis 2 revealed that $X^2_{cal} = 173.49$, $X^2_{critical} = 31.64$, $df = 12$, $P = .000$). This showed that X^2 calculated is greater than X^2 critical, therefore the null hypothesis was rejected. The result revealed that knowledge of the methods to control global warming is significant among inhabitants of industrial areas in Ibadan Southwest Local Government Area of Oyo State

Discussion

The first hypothesis was rejected, showing that people have significant knowledge of what causes global warming. The findings of this study is in-line with the findings and views of NCDC (2004) which reported that people who live in industrial countries are aware of the causes of global warming in their everyday lives but often put on a negative attitude towards controlling it. People knew what global warming is, but they are not taking action to address the issue. Indeed people are not taking action because they either do not wish to, or are not sure of what action they should take. While it is essential to raise awareness, other feasible solutions should also be considered.

The fact that the second hypothesis was rejected shows that people have significant knowledge of the effects of global warming. This suggested that people who live in industrial communities are aware of the effect of global warming on their everyday lives but often put on a negative attitude towards mitigating it. IPCC, (1999) was of the view that if a general attitude is maintained and more data is dutifully gathered and awareness is raised, good practices will be exhibited and this may help to reduce or solve the challenge of climate change. Parker, (2011) also stated that although not apparent at the moment, global warming will be ingrained into our daily lives and we will learn to live with it and the knowledge of its potential effects. Most importantly, we will learn to live in such a way that actively negates its effect.

The third hypothesis was also rejected, indicating that the respondents have significant knowledge of the methods to mitigating against the unstoppable menace of global warming. This agreed with the findings of King, (2004) who stated that studies have indicated substantial potential for future reductions in emissions by a combination of emission-reducing activities such as energy conservation, increased energy efficiency, and satisfying more of society's power demands with renewable energy and/or nuclear energy sources. Parker, (2011) explained that adaptation to climate change may be planned, either in reaction to or anticipation of climate change, or spontaneous, without government intervention. They stated that though many are

aware of this and that planned adaptation is already occurring, but it is on a limited basis. The barriers, limits, and costs of future adaptation are however not fully understood.

Conclusion/ Recommendation

This study has revealed that awareness of global warming is poor and most people are indifferent in their attitude towards global warming. It also concludes that most people have knowledge of what global warming is and knew about the activities that could cause it as well as its effect and methods to control its effect and consequentially conclude that knowledge of global warming is significant and so not a problem. In spite of the significance in knowledge of global warming among the study population, the study has also established that knowledge is not the problem and the indifference in attitude may indicate that people have misconception about global warming and may see it as a distant threat, with consequences that will only be felt many decades from now. This can also be linked to high level of poverty and degree of illiteracy among the people of developing countries which has made it difficult to maintain a disciplined life style that will mitigate against the effect of global warming.

Therefore, there is need for practical environmental health and safety education with the intention of improving health seeking behaviour among the study group. Health *practitioners should also have a paradigm shift from theoretical teaching to skill based environmental health education in order to improve their services to clients especially those in industrial areas. In addition to this, environmental health workers/teachers must have adequate training and knowledge of global warming for effective dissemination.

Finally, multidisciplinary and interdisciplinary research, which would inform the development of intervention strategies, is also required and the need for interdisciplinary collaboration to develop interactive models and new stage-specific perspectives on global warming regarding human behavior, health, and illness.

References

- Barnett F. 2005. Penetration of human induced warming into the world's oceans. *Science*, 309 284-287.
- Chukwu, G.U. & Asiegbu, A.D. 2011. Global warming and climate change: impacts and implications. *International Journal of Current Research* Vol.33, Issue, 6, pp.112-115, Retrieved on 20/08/2015 from https://www.academia.edu/4879177/global_warming_and_climate_change_impac
- Folorunsho, R. & Awosika, L.F., 2001. *Flood Mitigation in Lagos, Nigeria through Wise Management of Solid Waste: a case of Ikoyi and Victoria Islands; Nigerian*, Paper presented at the UNESCO-CSI workshop, Maputo 19-23 November 2001.
- Hastenrath, 2001. *Climate dynamics of the tropics*. Kluwer Academic Publishers, Dordrecht, Netherlands, 488 p
- International Panel on Climate Change, 2001. *Climate Change 2001: The Scientific Basis*. Contribution of Working Group I to the Third Assessment Report of the Intergovernmental Panel on Climate Change. Edited by J.T. Houghton, Y. Ding, D.J. Griggs, M. Noguer, P.J. Van der Linden, X. Dai, K. Maskell, and C.A. Johnson. Cambridge and New York: Cambridge University Press. Retrieved on 20/04/2013 from (http://www.grida.no/climate/ipcc_tar/wg1/index.htm)
- Karl, T.R. 2008. Annexed A "Regional Trends and Variations of Temperature and Precipitation" *The Regional Impacts of Climate Change*. IPCC WGII, Cambridge University Press.
- Kattenberg, K.Maskell) Cambridge University Press
- King, D.A. 2004. Climate change science: Adapt, mitigate, or ignore? *Science*, 303, 176-177.

- National Climatic Data Center (NCDC), (2004). *Climate of 2003 in Historical Perspective*. <http://www.ncdc.noaa.gov/oa/climate/research/2003/ann/ann03.html#Major%203.html#Major%203.html>
- Naurzbaev, M. M. & Vaganov, E. A. 2000. Extraordinary Warmth in the 20th Century? *J. Geophys Res* 105:7315-7326
- Odemerho, F.O. 2004. Benin City: A Case Study of Urban Flood Problems" In Sada P.O & Odemerho F. O (eds) *Environmental Issues and Management in Nigeria development*. Evans Brothers Nig. Publishers Ltd.
- Odjugo, P. A.O. 2010. Regional evidence of climate change in Nigeria. *Journal of Geography and Regional Planning*, 3(6), 142-150. Retrieved on 20/08/2015 from <http://www.academicjournals.org/journal/JGRP/article-abstract/6B7E2F539670>
- Okereke, R. A. 2011. Incidence of Flooding in Southern Nigeria, *International Journal of Environmental Issues* 5 (1 &2).
- Onibokun, A. 2015. Global warming and Nigeria. Retrieved on 20/08/2015 from <http://www.informationng.com/2012/02/global-warming-and-nigeria.html>
- Oshuntokun, A. 2003. *Environmental Problems of Nigeria*. Lagos: Friedrich Ebert Foundation.
- Parker, C. 2011. Dying for growth: industrialization, climate change, and health effects. Retrieved 20/08/2015 from <http://www.psr.org/chapters/student-chapters/rx-for-survival-2011/dying-for-growth.html>
- Peterson, T.C. & Vose, R.S. 2007. An Overview of the Global Historical Climatology Network Temperature Database *Bull Amer Meteor Soc* 78:2837-2849
- Physicians for Social Responsibility, (2015). Global warming thermometer. Retrieved on 20/08/2015 from <http://www.climate-change-emergency-medical-response.org/physicians-for-social-responsibility.html>
- Physicians for Social Responsibility, 2015. Climate change is a treat to health 2015. Retrieved on 20/08/2015 from <http://www.psr.org/environment-and-health/climate-change.html>
- Still, C.J., Foster, P.N. & Schneider, S.H. (2009). Simulating the effects of climate change on tropical montane cloud forests. *Nature*, 398, 608-610.
- Titus, J.G. 2000. Greenhouse effect, sea level rise, and barrier islands: Case study of Long Beach Island, New Jersey. *Coastal Management*, 18, 65-90.
- Tunde, A. M., Adeleke, E. A. & Adeniyi, E. E. 2012. Impact of Climate Variability on Human Health in Ilorin, Nigeria *Environment and Natural Resources Research* vol 3 no1 Retrieved on 20/08/2015 from <http://www.ccsenet.org/journal/index.php/enrr/article/view/22404>
- Union of concerned scientist, 2011. Climate hot map: global warming effects around the world. Retrieved on 20/08/2015 Retrieved on 20/08/2015 from <http://www.climatehotmap.org/global-warming-effects/health.html>

The effects of audit value added on audit survival: Evidence from CPAs of Thailand

Seerungrat Sudsomboon
Mahasarakham University, Thailand

Phaitoon Intakun,
Rajapat Lumpang University, Thailand

Keywords

Audit Value Added, Audit Best Practice, Audit Continuous Learning, Professional Ethic Awareness, Financial Information Transparency, Stakeholder Acceptance, Audit Survival, Stakeholder Pressure, Audit Regulation Change, Business Environment Climate

Abstract

The purposes of this study are to investigate the relationship between antecedents and consequences of audit value added (AVA). AVA is performance of the auditors who work with dedication and commitment to quality work and usefulness for user. AVA composes three dimensions as well as audit best practice, audit continuous learning, and professional ethic awareness. The results from the questionnaire survey of 135 CPAs in Thailand. The findings identified that only two dimensions of AVA has positive relationship with all consequences as well as audit continuous learning and professional ethic awareness. Which the consequences of this study are financial information transparency, stakeholder acceptance, and audit survival. In addition, the finding shows the relationship between antecedence and audit value added are positive significant. Which the antecedence of this study are Stakeholder pressure, audit regulation change, and business environment climate. Surprisingly, have not significant the relationship between audit best practice that dimensions of audit value added and consequences. The summary of this paper not only provides theoretical and managerial contributions but also suggestions and directions of the future research are elaborate.

1. Introduction

Financial statements are the main source of accountability of management performance by the shareholders. However, as the management is responsible for the preparation of financial statements, shareholders have to rely on external verification by auditors in order to gain reasonable assurance that the accounts are free from material misstatements and can therefore be relied upon to be presenting true and fair view of the affairs of the company. Financial audit is intended to provide a 'reasonable' assurance over the accuracy of financial statements. It therefore does not provide absolute assurance that the financial statements are free from all misstatements. Moreover, the purpose of audit is confined to provide reasonable assurance in order to avoid excessive time and cost in the performance of the audit that may outweigh any benefit that may be derived from the enhanced assurance. Absolute assurance is also impossible to guarantee in most cases due to the inherent limitations of audit (Salleh and Jasmani, 2014). Thus, auditors are as both insurance provider and information intermediary that provide independent verification of manager-prepared financial statement, audit performance contributes to the reliability and quality of financial reporting.

Prior researches attempt to seek the element for audit performance and how about audit survival in market. However, previous auditing researches show that the variety of elements has an impact on audit performance and to survived including ability to use standard and core principle for audit work (Kunt, 2008), consciousness of professional ethical in job and

environmental auditing change (Struweg and Meintijes, 2008; Dittenhofer, 2010). Thus, the way to audit survival in the market has increase the audit value added into their work. Hence, this research attempts to suggest the element of audit value added for survival of auditors in the competitive environment. Survival of auditor or audit survival refers to client satisfaction in audit performance that shows as client's acceptance and revenue increasing.

Thus, the first aim of this research is to explore the relationship among audit value added, antecedence, and consequence. The second aim is examine the influence of mediating effect on the relationship between audit value added and audit survival by financial information transparency and stakeholder acceptance. This research is organized as follows; the first session reviews the relevant literature on audit value added, explains the theoretical framework to describe the conceptual model and the relationship among the different variables, and develops the related hypotheses for testing. The second session clarifies exact examination of the research methods, including sample selection and data collection procedure, the variable measurement of each construct, the instrumental verification, the statistics and equations to test the hypotheses. The third session explicitly exhibits the empirical results and discussion. Finally, the last session proposed the conclusion, theoretical and practical contributions, limitation, and directions for the future research.

2. Literature Review and Hypothesis Development

Contingency theory is the one that is frequently used tin accounting research design as in accounting information systems (Change et al, 2003; Nicolaou, 2010); financial disclosure (Lopes and Rodingues, 2007); strategic management accounting (Cadez and Guilding, 2008) and auditing (Crutis and Paye, 2008; Sikka, 2015). However, the theory is applied in the context of audit survival that identifies the specific contingent variables such as audit learning continuous, audit regulation change, stakeholder pressure, business environment climate. Moreover, this research attempts to sue the structural contingency theory describe the relationships between the context and structure of audit value added and survival in this career. The assumption of contingency theory is that contingency factors may be influencing audit value added such as stakeholder pressure, audit regulation change, and business environment climate.

In additionally, social cognitive theory explains human psychosocial functioning in term of the interaction between behavior, cognitive and other personal factors and environment events. As a construct, cognitive style has been widely studied. It is defined as an individual' preferred way of gathering, processing, and evaluating information relating to creativity, problem-solving and decision making (Hayes and Allinson, 1998; Brinham and de Castro, 2003). However, within a social cognitive theory framework, environmental events can also influence people's cognitive and personal states (Zikic and Saks, 2009). In summary, the construct of cognitive is a human behavior for problem-solving and decision making to do something under personal factors and environmental events. Thus, this research uses cognitive theory as a framework to integrate and to explain the relationship between the variables in the present study. This research challenges to understand the audit value added which consider individual auditor factors such as knowledge, experience, practice, and learning that affect perceiving in problem-solving and develop audit task which leads to superior audit survival.

The research model of this study is shown in Figure 1 and indicates the premise of the three dimension of audit value added. The consequences are financial information transparency, stakeholder acceptance, and audit survival. The antecedents are stakeholder pressure, audit regulation change, and business environment climate. The objective of this research is to

examine the relationship among audit value added, antecedence, and consequence in the context of CPAs of Thailand. Linkages of these constructs are indicated in Figure 1.

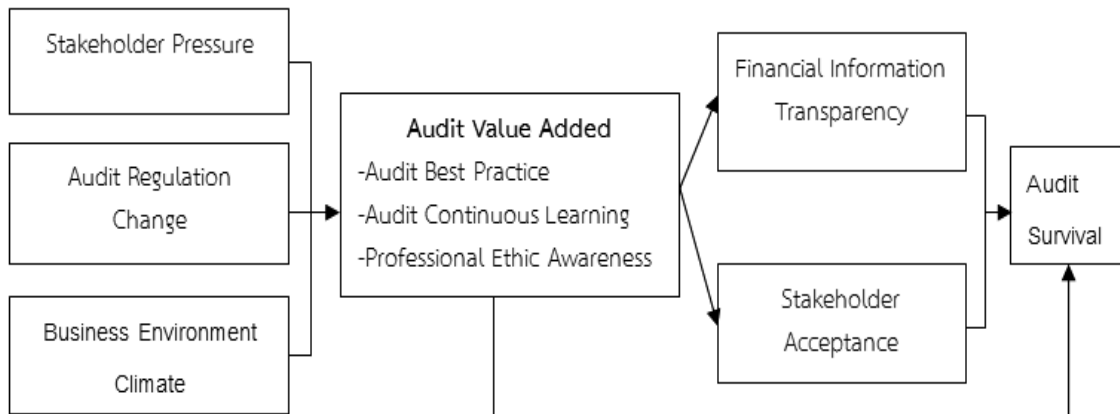


Figure 1: The Effects of Audit Value Added on Audit Survival
: Evidence from CPAs of Thailand

2.1 Audit Value Added

Audit value added (AVA) is a main construct of this study, which refers to the increasing high performance of audit process that auditor shown in the audit report and has usefulness for user. Auditors re responsible to report honestly and provide assurance to the stakeholder concerning the reliability, compliance to regulatory body and accounting policy, leliability and the truth and fairness of the client's financial statement (Salleh and Jasmani, 2014). Thus, in this study audit value added is composing three dimension as well as audit best practice, audit continuous learning, and professional ethic awareness.

2.2 Audit Best Practice

Audit best practice refers to auditors' knowledge, experience, and expertise in audit task that the auditor each with different and it make to different audit outcome. Prior researches suggest knowledge and experience are the importance factor for audit quality (Ketchand and Strawser, 1998; Ye, Cheng and Gao, 2014, Salleh and Jasmani, 2014). In additionally, Maister (1993), knowledge is fundamental to professional skill. Moreover, Kaplan and others (2008) suggest the auditors have more experience in auditing they are likely to be strong in professional. In this research imply the auditors who have audit knowledge and audit experience to be best practice in audit work. Thus, the audit outcome such as audit report is reliability and usefulness for user. However, the auditor has high performance that shown in audit quality will be perceived by stakeholder and clients. Hence, these finding suggest the hypotheses below:

Hypothesis 1a: *The audit best practice has a positive relationship with financial information transparency.*

Hypothesis 2a: *The audit best practice has a positive relationship with stakeholder acceptance.*

Hypothesis 3a: *The audit best practice has a positive relationship with audit survival.*

2.3 Audit Continuous Learning

Audit continues learning refers to auditors' development in audit task via training and pursue in relevant news such as accounting and auditing standard announcement, professional regulation, and economic change which improves audit performance. Training is very important profession, generally for profession such as nurse, engineer, lawyer, and doctor. Which

necessary take course before they take on the profession. Especially, audit professional have to fulfill training required by International Federation of Accountings (IFAC) by International Accounting Education Standard Board (IAESB) regulated competence requirement for audit professional (IES8) that regulate the guidance for auditor improvement suggest as audit requires all professional audit to take steps to ensure that they, and those working under their authority in a professional capacity, have appropriate training and supervision and are competent to undertake the work they perform. Thus, the following hypotheses are proposed

Hypothesis 1b: The audit continuous learning has a positive relationship with financial information transparency.

Hypothesis 2b: The audit continuous learning has a positive relationship with stakeholder acceptance.

Hypothesis 3b: The audit continuous learning has a positive relationship with audit survival.

2.4 Professional Ethical Awareness

Prior research on auditing has largely concentrate either on code of conduct or professional ethic which affects audit report judgment and shows responsibility of auditors. Various factors relate to professional ethic of audit such as audit independence and relationship between auditor and client (Dopuch and King, 1991; Schatzberg and Sevcik, 1994; Salleh and Jasmani, 2014). Moreover, the prior research suggests when external auditor exercise independent judgment about financial statement, they are engaging in what is tantamount to an ethical act (Thorne, 2000; Massey 2002). That show professional ethic awareness is very important for auditor. In this research, professional ethic awareness refers to consciences of accountability and responsibility of professional moral and principle which effect on stakeholder, financial users, and themselves. This implies that the auditor who has more professional ethic awareness will have high financial information transparency, stakeholder acceptance, and audit survival, the following hypotheses are proposed;

Hypothesis 1c: The professional ethic awareness has a positive relationship with financial information transparency.

Hypothesis 2c: The professional ethic awareness has a positive relationship with stakeholder acceptance.

Hypothesis 3c: The professional ethic awareness has a positive relationship with audit survival.

2.5 Financial Information Transparency and Stakeholder Acceptance

Titman and Trueman (1986) propose that a good auditor provides precise information regarding the firm's value, because the purpose of an audit is to provide assurance and regards the financial statement. Moreover, Al-Ajmi (2009) suggests the audit quality come from the role of audit opinion reflects the true findings of audit engagement. This research defines the financial information transparency as the fairness and integrity of audit process. In additionally, transparency of financial statement has shown the independence judgement of auditor to financial statement. Moreover, when auditor shown the performance on audit report, they will receive feedback form stakeholder. Stakeholder acceptance refers to client perceived value for audit performance. The clients believe in auditor' ability show by trustworthiness, advisory, and work credibility in audit report (Ferris and their, 2007). Additionally, the auditor accepted by form client can add up new client and make more revenue from audit service. Hence, the below hypotheses are proposed:

Hypothesis 4: The financial information transparency has positive relationship with audit survival.

Hypothesis 5: The stakeholder acceptance has positive relationship with audit survival.

2.6 Stakeholder Pressure Audit Regulation Change and Business Environment Climate

Stakeholder pressure refers to individual auditor perceived the role of financial users (shareholders, employee, investors, government agencies etc.) for information reliability and audit report responsibility which affect decision making usefulness. Hence, independent auditor should be concerned with the role of insurance provider and information intermediary that independent verification of manager-prepared financial statements which achieve to creditability of financial statement. Supporting the response in human beings relating perceived to something and effect on performance that explain by cognitive frame (Anderson, 2001). Then, professional regulator had increased and developed the new standard both accounting and auditing that consist with environment change as guideline to audit practice. Furthermore, increasing and developing of regulation control and improve profession perform. Burtlett (2005) suggest that new regulation may also threaten efficiency by creating additional audit work. Thus, the auditor have to update the newly regulation that affect to their work and it make auditor has good knowledge and practice. Hence, the below hypotheses are proposed:

Hypotheses 6a-c: The stakeholder pressure has positive relationship with (a) audit best practice, (b) audit continuous learning, and (c) professional ethic awareness.

Hypotheses 7a-c: The audit regulation change has positive relationship with audit best practice, (b) audit continuous learning, and (c) professional ethic awareness.

Hypotheses 8a-c: The business environment climate has positive relationship with (a) audit best practice, (b) audit continuous learning, and (c) professional ethic awareness.

3. Research Methods

3.1 Sample Selection and Data Collection Procedure

This research attempts to investigate the relationship among audit value added, antecedence, and consequence the evidence in Thailand. Thus, key participant of this research is independent auditor who received the Certified Public Accountant (CPA) in Thailand. The data base of auditor in Thailand is Federation of Accounting Professions under the Royal Patronage of His Majesty the King data base online (www.fap.go.th). A mail survey procedure via the questionnaire was used for data collection to 375 CPAs were selected for sample from 11,207 of population. However, we received 135 responses that 36% response rate of sample.

To verify the non-response bias that suggested by Armstrong and Overton (1977) the t-test statistic was assessed to compare between two groups by using the demographics information such as gender, age, and education. The result indicates that there is no significant relation between early and late responses. Therefore, the non-response bias is not a problem in this research.

3.2 Questionnaire Development

This research employs a mailed questionnaire as the instrument for collecting data and questionnaire has eight parts. Part one is check-list questions for personal information of the key informants such as gender, age, marital status, education level, work experience, average revenues per month. Part two through part eight to measure each of constructs in the conceptual model, which are composed 36 items in total. These items are five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

3.3 Variable

To measure each construct in the conceptual model, all variables gained from survey are measured by five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

The variable measurements of this research are developed as a new scale and are modified from prior research. Then, the variables measurements of dependent variables, independent variables, and mediating variable of this research explained as follows;

3.3.1 Dependent Variable

Audit Survival

Audit survival defined as the stakeholder and clients perceived value for audit performance. The client and stakeholder believe in auditor' ability shows by trustworthiness, advisory, and work credibility in audit report.

3.3.2 Independent Variable

This study is composing eight independent variables: audit value added, financial information transparency, stakeholder acceptance, stakeholder pressure, audit regulation change, and business environment. Thus, all independent variables are elaborated as following.

Audit value added

Audit value added (AVA) is a main construct of this study, which refers to the increasing high performance of audit process that auditor shown in the audit report and has usefulness for user. In this study audit value added is composing three dimension as well as audit best practice, audit continuous learning, and professional ethic awareness.

Audit best practice

Audit best practice (ABP) is measured by three items including the audit experience, experts to use audit technique for difference case. Moreover, best knowledge in audit standard and able to applied to use for work. This construct is developed as a new scale.

Audit continuous learning

Audit continuous learning (ACL) is measured by four items including the together of development and improvement for select to use audit technique until new technique for audit work.

Professional ethic awareness

Professional ethic awareness (PEA) is measured by three items including the auditor perceived for value of audit work. Moreover, the construct of professional ethic awareness is covering the role of audit work under the code of conduct and mindset to work on the responsibility and accountability for all group of user.

Financial information transparency

Financial information transparency (FIT) is evaluated via four items related to fairness and integrity of audit process. In additionally, transparency of financial statement has shown the independence judgement of auditor to financial statement.

Stakeholder acceptance

Stakeholder acceptance (STA) is measured by four items related to client perceived value for audit performance

Audit regulation change

Audit regulation change (ARC) is evaluated via four items including the auditors perceived develop and announce the newly accounting and auditing standard that influence on audit performance.

Stakeholder pressure

Stakeholder pressure (STP) is measured by four items including the essentials of financial statement users such as shareholder, creditor, regulator, and employee etc. that use for decision making to invests or operates in business.

3.4 Methods

The estimation of scale reliability was evaluated by using Cronbach's alpha coefficient that would be more prominent than 0.70 (Nunnally and Bernstein, 1994) which shows satisfactory reliability. Moreover, a confirmatory factor analysis (CFA) was used to test the construct validity by examining the relationship of the large number of items and determining whether they can be diminished to a small set of elements. Because of constrained perception, factor analysis was executed independently on every arrangement of the items representing a specific scale. Likewise, factor loading tested of each construct should be statistically significant and greater than the 0.4 cut-off which is the acceptable criterion (Nunnally and Bernstein, 1994). Acceptable reliability and validity found in this study are appropriate for further analysis. The results are shown in Table 1 as below;

Items	Factor Loading	Cronbach's Alpha
Audit Best Practice (ABP)	0.767-0.867	0.784
Audit Continuous Learning (ACL)	0.762-0.841	0.815
Professional Ethic Awareness (PEA)	0.783-0.851	0.732
Financial Information Transparency (FIT)	0.819-0.926	0.899
Stakeholder Acceptance (STA)	0.852-0.909	0.907
Audit Survival (AUS)	0.744-0.919	0.902
Stakeholder Pressure (STP)	0.823-0.948	0.929
Audit Regulation Change (ARC)	0.854-0.934	0.910
Business Environment Climate (BEC)	0.876-0.920	0.912

Table 1: Results of Measure Validation

3.5 Statistical Techniques

The ordinary least squares (OLS) regression analysis is used to test all postulated hypotheses following the conceptual model. OLS is appropriate to examine the relationship between dependent and independent variable of which all variables are categorical and interval data (Hair et al., 2010). Moreover, we check for outlier, normality, linearity, and homoscedasticity to satisfy the underlining assumption of multivariate data (Hair et al. 2010). With the need to understand the relationships in this research, the models of aforementioned relationships are depicted as shown below;

$$\begin{aligned} \text{Equation 1: } \text{FIT} &= \beta_{01} + \beta_{1}\text{ABP} + \beta_{2}\text{ACL} + \beta_{3}\text{PEA} + \varepsilon_1 \\ \text{Equation 2: } \text{STA} &= \beta_{02} + \beta_{4}\text{ABP} + \beta_{5}\text{ACL} + \beta_{6}\text{PEA} + \varepsilon_2 \\ \text{Equation 3: } \text{AUS} &= \beta_{03} + \beta_{7}\text{ABP} + \beta_{8}\text{ACL} + \beta_{9}\text{PEA} + \varepsilon_3 \\ \text{Equation 4: } \text{AUS} &= \beta_{04} + \beta_{10}\text{FIT} + \beta_{11}\text{STA} + \varepsilon_4 \\ \text{Equation 5: } \text{ABP} &= \beta_{05} + \beta_{12}\text{STP} + \beta_{13}\text{ARC} + \beta_{14}\text{BEC} + \varepsilon_5 \\ \text{Equation 6: } \text{ACL} &= \beta_{06} + \beta_{15}\text{STP} + \beta_{16}\text{ARC} + \beta_{17}\text{BEC} + \varepsilon_6 \\ \text{Equation 7: } \text{PEA} &= \beta_{07} + \beta_{18}\text{STP} + \beta_{19}\text{ARC} + \beta_{20}\text{BEC} + \varepsilon_7 \end{aligned}$$

4. Results and Discussion

Table 2 presents the descriptive statistic and correlation matrix for all variables. As indicated by the concern of multicollinearity among independent variables, Variance Inflation Factors (VIF's) was used to prove this problem. The range of VIFs is from 1.04 to 5.28, which was below the cut-off value of 10 as recommended (Hair, Black, Babin, Anderson, and Tatham, 2006). Therefore, it can be concluded that the multicollinearity varies may affect the weights of the explanatory variables in the model that is not a serious problem in this study.

Variables	ABP	ACL	PEA	FIT	STA	AUS	STP	ARC	BEC
Mean	4.27	3.89	4.31	3.92	3.95	3.96	3.96	4.11	4.01
S.D.	0.48	0.60	0.50	0.71	0.69	0.68	0.78	0.69	0.63
ABP									
ACL	.133								
PEA	-.019	.567**							
FIT	.099	.703**	.565**						
STA	.075	.728**	.715**	.782**					
AUS	.065	.796**	.648**	.723**	.805**				
STP	.062	.512**	.599**	.459**	.597**	.764**			
ARC	-.024	.654**	.743**	.558**	.660**	.823**	.767**		
BEC	.047	.730**	.778**	.646**	.664**	.747**	.581**	.782**	

*p<0.1, **p<0.05

Table 2: Descriptive Statistic and Correlation Matrix

Table 3 presents the results of OLS regression analysis of relationships among the antecedence and consequence of audit value added. Three dimensions of audit value added are audit best practice, audit continuous learning and professional ethic awareness. Antecedences of research are stakeholder pressure, Audit regulation change, and business environment climate. Additionally, consequences of research are financial information transparency, stakeholder acceptance, and audit survival. Firstly, the relationships between audit best practices have no significant with financial information transparency, stakeholder acceptance, and audit survival. **Hence, hypotheses 1a, 1b, and 1c are not supported.**

Secondly, the relationships between audit continuous learning are positive significant with financial information transparency ($\beta_2=0.558$, $p<0.01$), stakeholder acceptance ($\beta_5=0.472$, $p<0.01$), and audit survival ($\beta_8=0.635$, $p<0.01$). The results are consistent with prior researches that indicated the financial information argues that the auditor should take more responsibility for audit process that more clearly and transparent (De Bellis,2011; Salleh and jasmani, 2014). **Thus, hypothesis 2a, 2b, and 2c are supported.**

Thirdly, the relationships between professional ethic awareness are positive significant financial information transparency ($\beta_3=0.249$, $p<0.05$), stakeholder acceptance ($\beta_6=0.447$, $p<0.01$), and audit survival ($\beta_9=0.228$, $p<0.01$). The results are consistent with Sikka (2015) that indicated the auditors are assumed to be eyes and ears of stakeholder thus they should give clearly and reliable information to user under code of professional ethic. **Hence, hypothesis 3a, 3b, and 3c are supported.**

Fourthly, the financial information transparency ($\beta_{10}=0.241$, $p<0.01$) and stakeholder acceptance ($\beta_{11}=0.616$, $p<0.05$) are significant positive relate with audit survival. The results are consistent with prior researches indicated audit reputation is associated with audit service and influenced by clients or stakeholder. The clients or stakeholder believe in audit or ability shows by trustworthiness, advisory, and work credibility in audit report (Mazzola and others, 2006; Ferris and others, 2007). **Hence, hypothesis 4 and 5 are supported.**

In additionally, Table 3 shown the results of OLS regression analysis of relationships between the antecedence and audit value added. The antecedents are stakeholder pressure, audit regulation change, and business environment climate. The relationships between stakeholder pressures have positive significant with audit best practice, audit continuous learning and professional ethic awareness. **Thus, hypothesis 6a, 6b, and 6c are not supported.**

The relationships between audit regulation changes has positive significant with professional ethic awareness ($\beta_{15}=0.272$, $p<0.05$). The results consistent with Abreu (2015) that indicated the auditor take legal responsibilities and the degree of confidence is supported on the climate of rising level of expectation of the citizen that sue the statutory audit report, which the

auditor is confronted daily. Surprisingly, the relationships between regulation change has negative significant with audit best practice ($\beta_{13}=-0.321$, $p<0.1$). However, the relationships between audit regulations change has no significant with audit continuous learning. **Thus, the hypothesis 7a and 7c are supported, 7b is not supported.**

Finally, the relationship between business environment climate has positive significant with audit continuous learning ($\beta_{17}=0.565$, $p<0.01$) and professional ethic awareness ($\beta_{20}=0.511$, $p<0.01$). The results are consistent with prior research suggests under the concept of legitimacy, that the generalized perception of actions of the business, the financial institutions, the public entities and the organizations are desirable or appropriate and in accordance with the socially constructed context, it can be individual, institutional or social. However, the relationship between business environment climate has no significant with audit best practices. **Thus, the hypothesis 8b and 8c are supported, 8a is no supported.**

Independent Variable	Dependent Variable						
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
	FIT	STA	AUS	AUS	ABP	ACL	PEA
ABP	0.029 (0.060)	0.021 (0.051)	-0.014 (0.049)				
ACL	0.558*** (0.073)	0.472*** (0.062)	0.635*** (0.060)				
PEA	0.249** (0.073)	0.447*** (0.062)	0.288*** (0.059)				
FIT				0.241*** (0.080)			
STA				0.616** (0.080)			
STP					0.204 (0.134)	0.051 (0.091)	0.093 (0.080)
ARC					-0.321* (0.176)	0.173 (0.119)	0.272** (0.105)
BEC					0.179 (0.138)	0.565*** (0.094)	0.511*** (0.082)
Adjusted R ²	0.525	0.658	0.684	0.665	0.006	0.542	0.648

* $p<0.1$, ** $p<0.05$, *** $p<0.01$ ^a Beta coefficients with standard errors in parenthesis

Table 3: Results of OLS Regression Analysis^a

5. Contribution and Direction for Future Research

5.1 Theoretical Contribution and Direction for Future Research

This research provides a clearly understanding of the relationship among audit value added, antecedence, and consequence. Which audit value added is the main construct that composing three dimension as audit best practice, audit continuous learning, and professional ethic awareness. There are new dimension as develop based on prior research. However the results shown the only two dimension of audit value added as audit continuous learning and professional ethic awareness have positive significant related with consequents. Thus, the finding is concern based on prior research, but surprisingly about the relationship between audit best practice is no significant with consequents. That shows something wrong in literature review or context of CPAs of Thailand. Hence, the future research should develop the instrument to investigate the surprising result by another method.

5.2 Practical Contributions

For another implication for independent auditors, this research helps auditors to understand how to achieve and survive in audit market. Auditors should acquire appending another ways in order to continuous learning and aware in code of conduct. Moreover, auditors should be aware in professional environment change such as audit regulation, stakeholder pressure, and business environment climate which have an effect on survival in audit work.

6. Conclusion

This research investigates the relationship among audit value added, antecedence, and consequence. Which audit value added is the main construct that composing three dimension as audit best practice, audit continuous learning, and professional ethic awareness. The antecedents are stakeholder pressure, audit regulation change, and business environment climate. The consequents are financial information transparency, stakeholder acceptance, and audit survival. The results from the questionnaire survey of 135 CPAs in Thailand. The findings identified that only two dimensions of audit value added have positive relationship with all consequences as well as audit continuous learning and professional ethic awareness. Which the consequences of this study are financial information transparency, stakeholder acceptance, and audit survival. In addition, the finding shows the relationship between antecedence and audit value added are positive significant, which the antecedents are stakeholder pressure, audit regulation change, and business environment climate. Surprisingly, have not significant the relationship between audit best practice that dimensions of audit value added and consequences. Then, the future research should develop the instrument to investigate the surprising result by another method such as in-depth interview.

Reference

- Abreu Rute., 2015. From Legitimacy to Accounting and Auditing for Citizenship. *Procedia Economics and Finance* 23, 665-670.
- Barney, Jay B., 2001. Resource-Based Theories of Competitive Advantage: A Ten-Year Retrospective on the Resource-Based View. *Journal of Management*, 27(6), 643-650.
- Barney, Jay B., 1991. Firm Resources and Sustained Competitive Advantage. *Journal of Management*, 17(1), 99-120.
- Graham, L. and J.C. Bedard. 2003. Fraud Risk and Audit Planning. *International Journal of Auditing* 7. 55-77.
- Ginzberge, M. 1986. An Organizational Contingencies View of Accounting and Information Systems Implementation. *Accounting, Organizations and Society* 5. 369-382.
- Hair, J. F., Black, W. C., Babin, B., Anderson, R. E. and Tatham, R. L., 2006. *Multivariate Data Analysis*, 6th Ed, Prentice Hall.
- Hair, J.F., R.E. Anderson., R.L. Tatham., and W.C. Black., 1998. *Multivariate Data Analysis*, 6th Ed., Englewood Cliffs, NJ, Prentice Hall.
- Kangtao Ye, Yingli Cheng, and Jingyu Gao., 2014. How Individual Auditor Characteristics Impact the Likelihood of Audit Failure: Evidence From China. *Advances in Accounting, Incorporating Advances in International Accounting* 30, 394-401.
- Kent, P., L. Munro and T. Gambling. 2006. Psychological Characteristics Contributing to expertise in Audit Judgment. *International Journal of Auditing* 10, 125-141.
- Leung P.W. and Trotman K.T. 2005. The Effects of Feedback Type on Auditor Judgment Performance for Configural and Non-Configural. *Accounting, Organization and Society* 30. 537-553.
- Nunually, Jum C., and Bernstein, Ira H., 1994. *Psychometric Theory*. New York, NY: McGraw-Hill.
- Salleh and Jasmani., 2014. Audit Rotation and Audit Report: Empirical Evidence from Malasian PLCs over the Period of the Year. *Procedia – Social and Behavioral Sciences* 145, 40-50.
- Sikka P. 2015. The Corrosive Effects of Neoliberalism on th U Financial Crises and Auditing Practices: A Dead-End for Reforms. *Accounting Forum* 39, 1-18.

International Journal of Business and Economic Development (IJBED)

www.ijbed.org

General Author Information

The Scope of the Journal

As a publisher **The Academy of Business & Retail Management (ABRM)** has substantial experience of journal publishing and pioneering new journals.

Our philosophy is to map new frontiers in emerging and developing business areas in research, industry and governance, and to link with centres of excellence world-wide to provide authoritative coverage in specialist fields.

Our goal is to foster and promote innovative thinking in business, economics and management fields. We collaborate with numerous fields rather than segment into specific areas of research. Hence, our objectives are to build new links, networks and collaborations between the global communities of researchers in order to stimulate and enhance creativity.

Our continued success lies in bringing together research dimensions to encourage industry and public sector growth throughout the world. Thus, research on global businesses and economics are highly within the areas of our interest. Similarly, expert opinions and professional commentaries are also published in order to set collaborative directions for the future researchers.

ABRM therefore prides itself in ensuring the high quality and professional standards expected of its journals by pursuing a full double-blind refereeing process for all articles submitted to it for publication.

Formal conditions of acceptance

1. Papers will only be published in English.
2. Each manuscript must be accompanied by a statement that it has not been submitted for publication elsewhere in English.
3. Previous presentation at a conference, or publication in another language, should be disclosed.
4. All papers are refereed, and the Chief Editor reserves the right to refuse any manuscript, whether on invitation or otherwise, and to make suggestions and/or modifications before publication.
5. **IJBED** only accepts and publishes articles for which authors have agreed to release under the terms of the Creative Commons Attribution Licence (CCAL) version "CC BY 3.0". Please note that authors retain ownership of the copyright for their article, but authors allow anyone to download, reuse, and reprint, modify, distribute, and/or copy articles in **IJBED**, so long as the original authors are source are cited. No permission is required from the authors or the publishers.
6. **IJBED** shall furnish authors of accepted papers with proof for the correction of printing errors. The proof shall be returned within 14 days of receiving the suggested corrections. **IJBED** shall not be held responsible for errors which are the result of authors' oversights
7. **IJBED** is committed to publish all full text articles online for immediate open access to readers and there is no charge to download articles and editorial comments for their own scholarly use.

Peer review process

IJBED places great emphasis on the quality of the articles it publishes; and therefore, a full double - blind reviewing process is used in which:

- Subject to the condition that the paper submitted is in line with the guidelines provided for authors the editor will review its suitability given the aims and objectives of the journal.
- If the outcome is positive the paper will be sent for blind reviews to two reviewers.
- Decision will be taken as to the acceptability of the paper on the basis of the recommendation of the reviewers.
- Should further revision be found necessary it will be communicated to the author accordingly.
- Based on the outcome of above the date of publication will be decided and acceptance letter to be issued to the author(s).
- For papers which require changes, the same reviewers will be used to ensure that the quality of the revised article is acceptable.

Copyright Policies for Open Access Journal

The Academy of Business & Retail Management Research is fully committed to transparency in regards to the issue of copyright and copyright ownership. Authors who submit papers to the **International Journal of Business and Economic Development (IJBED)** retain ownership of their original material. Although as part of the open access process authors permit other individuals, organisations and institutions to access the said material. Whilst other parties may well access materials if they quote from them they are expected to fully credit the author/authors. It is important to remember that the rights of authors are granted and apply only to articles for which you are named as the author or co-author. The author's rights include the following:

- The right to make copies of the article for your own personal use (including in the course of academic teaching and other scholarly endeavours)
- The right to reproduce and distribute copies of the article (including in electronic form) for personal use
- The right to present the article at conferences and meeting and distribute copies at such gatherings
- You have patent and trademark rights to any process or procedure described in the article that was formulated by the author/authors
- The right to include the article in full or in part in a thesis or dissertation provided that this is not published commercially
- The right to prepare other derivative works, to extend the article into book-length form, or to otherwise reuse portions or excerpts in other works, with full acknowledgement of its original publication in the journal

Copyright Notice

Authors who submit papers that are submitted and accepted for publication in the journal agree to the following:

- Authors retain copyright and grant the journal right of first publication with the work simultaneously licensed under a Creative Commons Attribution License version "CC BY 3.0" (this allows others to share the work with an acknowledgement of the work's authorship and the place of first publication)

- Authors are perfectly entitled to enter into separate contract arrangements for on-exclusive distribution of the journal's published version of the work providing there is an acknowledgement of its initial place of publication
- Once submitted and accepted papers can post-print provided they are in the same format as it appeared in the journal, however, pre-prints are not permitted.
- Authors may use data contained in the article in other works that they create
- Authors may reproduce the article, in whole or in part, in any printed book (including a thesis) of which the author, provided the original article is properly and fully attributed
- Authors and any scholarly institution where they are employed may reproduce the article, in whole or in part, for the purpose of teaching students

Open Access rights and Permissions for our Open Access

Articles can be distributed under the terms of the Creative Commons Attribution (CC-BY) licence. Authors retain full ownership of the copyright for their article, but undertake to allow anyone to download, reuse, reprint and distribute the article.

Authors are permitted to post the final, published PDF of their article on a website, institutional repository or other free public server, immediately upon publication, provided, a link is included between the web page containing the article and the journal's website.

Manuscript Submission Procedures

Authors are invited to submit original research papers, case studies, reviews, work in progress reports, abstracts, student's papers or research proposals within the broad scope of the Journal.

The following guidelines must be adhered to when submitting the papers:

No manuscript will be accepted without the Required Format. All manuscripts should be professionally proofread before the submission

1. Introduction

- 1.1 Manuscript should be written in English and should be submitted to the Editor-in-chief electronically through the online system as e-mail attachment to editor@abrmr.com
- 1.2 If electronic media is not available, the original paper may be submitted on standard CD to the Editor by using full postal address which is, **The Academy of Business & Retail Management, 183 Exeter Road, Harrow, Middlesex HA2 9PG.**
- 1.3 Manuscripts are to be submitted as **MS Word** documents for Windows. Other formats will not be accepted.

2. General Manuscript Guidelines

- 2.1 **Margin:** Set the paper size to A4 with One (1) inch on all sides (Top, bottom, left, right)
- 2.2 **Font size and type:** The fonts to be used are **Book Antiqua** in 12 point pitch. Main headings-14 and subheadings-12. Please use **BOLD** for paper title.
- 2.3 Major and secondary headings must be **BOLD**, left-justified and in lower case.
- 2.4 **Spacing and punctuation:** Space once after commas, colons and semicolons within sentences. The body of the papers should be single spaced.
- 2.5 **Line spacing:** Single spaced throughout the paper, including the title page, abstract, body of the document, tables, figures, diagrams, pictures, references and appendices.
- 2.6 **Length of the Paper:** The paper length should not exceed 15 pages maximum including figures, tables, references and appendices.
- 2.7 **Paragraphing:** A blank line between paragraphs should be left without indent.

3. Structure of the Manuscript

3.1 Cover page

The front page of the manuscript must be organised as follows:

- (i) **Title of the Article** –Paper title to be centered on the page, uppercase and lowercase letters, Font size 14, bold
- (ii) **Author (s) name (s):** Uppercase and lowercase letters, centered on the line following the title, font size 12, bold
- (iii) **Institutional affiliation:** name of the institute and country, Uppercase and lowercase letters, centered on the line following the author(s) name, font size 12
- (iv) **Authors note:** Provide information about the author's departmental affiliation, acknowledgment for any financial and non-financial assistance, mailing address for correspondence, email addresses for all co-authors
- (v) **Key words:** Maximum 6 key words, font size 11

3.2. Abstract: The abstract is self-contained summary of the most important elements of the paper

- (i) **Pagination:** The abstract begins on a new page
- (ii) **Heading:** Upper and lower case letters with 12 font size bold and align text to the left.
- (iii) **Length and format:** Abstract should be the summary of the paper, not more than 300 words, abstract should include purpose of the paper, design/methodology employed, findings, practical implications and originality statement. Font size 11.

3.3. Body of the manuscript

From the second page the rest of manuscript should be included the introduction/background, main body of the paper which can be divided into section and sub-sections. Section and sub-section should be numbered and should be typed in BOLD. The manuscript should be organised as follows:

1. The Introduction
2. Main body of the paper with sections and sub-sections
3. Discussions and conclusions
4. Research limitations and direction for further research
5. References
6. Appendices (if any)

3.4. Use of Table, Figures and Equations

- (a) All tables are to be centered and numbered sequentially, with their title centered below the table.
- (b) All figures must be reproduced black and white. A good quality graphic software to be used and figures are to be centered with the caption to be centered below the figure
- (c) All equations must be typeset with the same word processor and type in Math type (please visit the website at www.mathtype.com for free limited trial).

4. References

The Harvard System of referencing should be used for all manuscript(s) submitted to ABRM's Conferences and Journals for **all** sources. All sources should be listed together; there should not be separate lists for books, journal articles and electronic sources. Making a list of what you have used must be appropriate to the type of source used; the **details you need to record will vary according to the source.**

Call for Papers
Journal of Business & Retail Management Research
ISSN (Print) 1751-8202 ISSN (Online) 2056-6271

The JBRMR, a scholarly and refereed journal, provides an authoritative source of information for scholars, academicians, and professionals in the fields of business and retail management and is published twice a year. The journal promotes the advancement, understanding, and practice of business & retail management. It is peer reviewed and is the main research platform of The Academy of Business & Retail Management (ABRM). Scholars across borders are encouraged in advancing the frontiers of management education, particularly in the area of retail trade. Contributions should therefore be of interest to scholars, practitioners and researchers in management in both developed and developing countries targeting a worldwide readership through both print and electronic medium.

Although broad in coverage, the following areas are indicative and nurture the interests of the Academy with a “retail” underpinning:

- » Business Ethics and Legal Issues
- » Business Environment
- » Business Policies, Strategies, and Performance
- » Business and Retail Research
- » Business Security and Privacy Issues
- » Consumer Behaviour
- » Emerging Advances in Business and its Applications
- » Innovation and Product Development
- » International Business Issues
- » Management and Retail Marketing
- » Marketing Management and Strategies
- » Relationship Management
- » Risk Management
- » Retail Management and Communication
- » New Venture Start-up
- » Retail Buying
- » MIS and Retail Management
- » Demographics and Retail Business
- » HRM and Retail Business
- » Innovation in Retail Management

Preference will be given to papers which are conceptually and analytically strong and have empirical relevance. All papers will be reviewed according to the Journal’s criterion. The Journal’s website is www.jbrmr.com. For further information please write to Editor via editor@abrmr.com

This journal is indexed by SCOPUS, ProQuest, EBSCO Host, Cabell's Directory, J-Gate and ISI

Call for Papers

INTERNATIONAL JOURNAL OF BUSINESS & ECONOMIC DEVELOPMENT

(Print) ISSN 2051-848X (Online) ISSN 2051-8498

The IJBED, a scholarly and refereed journal, provides an authoritative source of information for scholars, academicians, and professionals in the fields of business and economic development and is published four times a year. The journal promotes the advancement, understanding, and practice of business & economic development. It is peer reviewed and is the main research platform of The Academy of Business & Retail Management (ABRM). Scholars across borders are encouraged in advancing the frontiers of management education, particularly in the area of economic development. Contributions should therefore be of interest to scholars, practitioners and researchers in management in both developed and developing countries targeting a worldwide readership through electronic medium.

Authors are invited to submit their original research papers, case study, review, work in progress, reports, abstract, students' papers or research proposals within the broad scope of the journal. Although broad in coverage, the following areas are indicative and nurture the interests of the Academy with an "economic development" underpinning:

- ☒ Agriculture and development
- ☒ Demography and development
- ☒ Disaster management
- ☒ Diversification and business performance
- ☒ FDI, Free trade – theory and practice
- ☒ Gender and socio-economic development
- ☒ Geopolitics of development
- ☒ Globalisation, liberalisation and development
- ☒ Health service management
- ☒ Industry sectors and development
- ☒ Information technology and business performance
- ☒ Institutions ,business and development
- ☒ Jobless growth, Labour relations and business
- ☒ Land reform – theory and practice
- ☒ Macroeconomic parameters and growth
- ☒ Microfinance and development
- ☒ Multinational enterprises and business strategy
- ☒ Natural resources and their internationalisation as leverage factors
- ☒ Natural resources and their internationalisation as leverages
- ☒ NGOs and entrepreneurship development

Preference will be given to papers which are conceptually and analytically strong and have empirical relevance. All papers will be reviewed according to the Journal's criterion. The Journal's website is www.ijbed.org. For further information please write to Editor via editor@abrmr.com

Call for Papers for the forthcoming conferences

ICBCS, London, UK

International Conference on Business and Cyber Security

12-13th May 2016**ROGE-2016, University of Oxford, Oxford, UK**6th International Conference on Restructuring of the Global Economy20-21st June 2016**IACP-2016, Paris, France**

International Academic Conference in Paris

15-16th August 2016**ICILLT-2016, University of Cambridge, UK**19-20th September 20162nd International Conference on Institutional leadership, Learning & Teaching**ITARC-2016, London, UK**7-8th November 20166th International Trade & Academic Research Conference

Authors are invited to submit original research papers, case studies, review, work in progress reports, abstracts, students' papers or research projects within the broad scope of each conference. All papers should be professionally proofread prior to submission. These conferences will be jointly organised by the *Academy of Business & Retail Management* and the *Journal of Business & Retail Management Research*.

For further detail please visit: <http://abrmr.com>

CALL FOR PAPERS

International Journal of Higher Education Management (IJHEM) (Print) ISSN 2054-984 (Online) ISSN 2054-9857

Aims and Objectives

IJHEM is a peer reviewed journal and is a research publication platform for international scholars. Their research can be in any aspect teaching & learning covering the interests of developed and emerging countries alike. The Journal seeks to reach a worldwide readership through print and electronic media. The main aims of the Journal are:

- Publish high quality and scholarly empirical based research papers, case studies, reviews in all aspect of teaching & learning, education management and leadership with theoretical underpinnings.
- Offer academics, practitioners and researchers the possibility of having in depth knowledge and understanding of the nature of teaching and learning practices and.
- Create a forum for the advancement of education management research for the High Education sector.

Subject coverage

- λ Educational policy and Policy impacts on education
- λ Management of education and Relations between lecturers and students
- λ Psychology of education, Psychology of student and teacher/lecturer
- λ Quality of education and Improvement method
- λ Global education and Its challenges and opportunities
- λ E-teaching/E-learning, Educational software and multimedia for education
- λ Teacher education
- Distance education and Education quality
 - Methodology of educational research, Adult and continuing education
 - Special education, Gender, diversity and difference, Vocational education
 - Assessment processes and mechanisms
 - Language Education, Listening and acoustics in education environment
 - Education History
 - Innovative teaching and Learning methodologies; Multi-virtual environment
 - Application of educational technology
 - Education reforms and Practical teaching reform

Frequency:

Twice a year: February & August

Review process: Blind peer review

Indexing with: Ebesco Host, ProQuest, Open J-Gate, Cabell`s Directory

Preference will be given to papers which are conceptually and analytically strong and have empirical relevance. All papers will be reviewed according to the Journal's criterion. The Journal's website is www.ijhem.abrmmr.com . For further information please write to Editor at editor@abrmmr.com or call on +44(0)2088689883

CALL FOR PAPERS
INTERNATIONAL JOURNAL OF BUSINESS & CYBER SECURITY (IJBCS)
(Print) ISSN 2059-660X (Online) ISSN 2059-6618

IJBCS is a scholarly and refereed journal that provides an authoritative source of information for scholars, academicians, policy makers and professionals regarding business and cyber security. It is peer reviewed journal that is published twice a year and serves as an important research platform. IJBCS is committed to publishing articles that provide insight and informs best practice. Contributions should therefore be of interest to scholars, policy makers, practitioners and researchers internationally. The Editors and Editorial Board of the IJBCS are committed to championing original academic papers that demonstrate academic rigor, originality and integrity. IJBCS seeks to minimise cyber-risk through insight and vigilance.

Authors are invited to submit their original research papers, case study, review, work in progress, reports, abstract, students' papers or research proposals within the broad scope of the journal. Although broad in coverage, the following areas are indicative and nurture the interests of the Academy with an "cyber security" underpinning:

- Business & Cyber Security; Risk awareness & mitigation
- eCrime and Cyber Terrorism
- Identity Fraud & Access Management; Information hemorrhage
- Cryptosystems and Data Protection
- Compliance, Legal Safeguards and Obligations
- Foresight Leadership and Planning; Industrial Espionage & Counterfeiting
- Critical Infrastructure Protection; Building and maintaining cyber resilience
- Security architecture and network defense
- Vigilance and scrutiny; Attitudinal change
- Knowledge transfer & training; Addressing the skills deficit
- Brand Protection; Pre-transaction customer verification
- Customer protection, reassurance and recovery
- Information Risk Management & Governance
- Digital Forensics, Evidence and Intelligence
- Costing cyber-attacks; Ethical Hacking
- Financial Analysis & Control Systems
- Privacy, Surveillance and Control; Identity, Trust and Trustworthiness
- Security Economics, Incentives and Liabilities

Preference will be given to papers which are conceptually and analytically strong and have empirical relevance. All papers will be reviewed according to the Journal's criterion. The Journal's website is www.ijbcs.abrmr.com . For further information please write to Editor via editor@abrmr.com

International Journal of Business & Economic Development (IJBED)

Editorial Review Board

Atchara Sriphan
Naresuan University,
Phitsanuloke, Thailand

Tanuja Sharma
Management Development
Institute, Gurgaon, India
Samar M. Baqer
Kuwait University, Kuwait
Visvanathan Naicker
University of the Western Cape,
South Africa
Shekh Usman Hassan
Ahmadu Bello University,
Nigeria

Ayambila Sylvester
University of Ghana, Ghana

Mohamed Karim Kefi
Ecole Supérieure de Commerce
et de Marketing, Prism
Sorbonne, France

Beenish Bashir
NUST Business school, National
University of Science and
Technology, Pakistan

Adhi Baskara
University of Indonesia,
Indonesia

Micheletti Patrick
Kedge Business School, France
Fon Sim, Ong
The University of Nottingham,
Malaysia

Heba Sadek
Arab Academy for Science,
Technology and Maritime
Transport, Egypt

Eiman Negm
Arab Academy for Science,
Technology and Maritime
Transport, Egypt

Waisu Iliyasu
Umaru Musa Yar'adua
University, Katsina, Nigeria

Joseph Teryima
Benue State University,
Makurdi, Nigeria

Ayat Yehia
Arab Academy for Science,
Technology and Maritime
Transport, Egypt

Julia Gordeeva
Plekhanov Russian University of
Economics, Russia

Ahmad Bello
Ahmad Bello University, Nigeria

Juan Carlos Botello Osorio
Universidad Popular Autonoma
del Estado de Puebla, Mexico
Badreddine TALBI

High National School of Statistics
and Applied Economics, Algeria

Khalid Kisswani
Gulf University for Science &
Technology, Kuwait
Nattachet Pooncharoen
Naresuan University, Thailand

Duarte Xara-Brasil
Instituto Politécnico de Setúbal,
Portugal

A. Jayakumar
Periyar University, India.

Sarat Chandra Das
U Asia, United Kingdom
Rachid Toumache
High National School of Statistics
and Applied Economics, Algeria

Gabriela Marinescu
University of Medicine and
Pharmacy "Gr.T.Popa" Iasi,
Romania

Odoh Patrick Abutu
The Federal Polytechnic
University, Nigeria

Abdelali Hajbi
Hassan 1st University, Morocco

Sazib Murtaza
Iqra University, Islamabad,
Pakistan

Cengiz Kahraman
Istanbul Technical University,
Istanbul, Turkey

Nelson Takon
Cross River University of
Technology, Calabar, Nigeria
Nagaraja Nanje Gowda
University of Mysore, India
Muhammad Azam

St. Patrick's International College,
United Kingdom

Eman Mohamed Abd-El-Salam
Arab Academy for Science and
Technology and Maritime
Transport, Egypt

C. Michael Wernerheim
Memorial University of
Newfoundland, Canada

Sandeep Goel
Management Development
Institute, Gurgaon. India

Ha Viet Nguyen
University of New South Wales,
Australia

Rasheed Olajide Alao
Adeyemi College of Education,
Nigeria

Cletus O. Akenbor
Federal University, Nigeria

Khaled ROUASKI
High National School of Statistics
and Applied Economics, Algeria

Hossein Mombeini
Islamic Azad University, Dubai
Branch, Dubai, UAE

Des Raj Bajwa
Haryana, Panchkula Kurukshetra
University, Kurukshetra
Hifza Mahmood Rana
Iqra University, Islamabad,
Pakistan

Luiz Albzzto Alig Santos
Institute Matropolitano of
Angola, Republic of Angola

Manolis I. Skouloudakis
University of Macedonia, Greece

Anita Mathew
Institute of Management
Technology, Ghaziabad
India

Hideyuki Ishiozaka
Osaka Sangyo University, Japan

Radhika Lobo
Birla College of Arts, Science
and Commerce, Kalyan, India

Antoine Trad
Webster University, Switzerland

Hemant C Trivedi
Pandit Deendayal Petroleum
University, India

Huseynov Khatira
The Academy of Public
Administration under the
President of the Republic of
Azerbaijan

Ssouhaila A Saeed
AL-Zytoonah University, Jordan

Lothar Auchter
University of Applied Sciences
Kaiserslautern, Germany
Mudrajad Kuncoro
Gadjah Mada University,
Indonesia

Mansour Esmaeil Zaei
Panjab University, India

Jatin Pancholi
Middlesex University, United
Kingdom

Ricardo Peters
University of the Western Cape,
South Africa

Neha Purushottam
University of South Africa, South
Africa

Latha Krishnadas Mazumder
Al Khawarizmi International
College, Abu Dhabi, United Arab
Emirates

Chiloane-Tsoka Germinah
University of South Africa, South
Africa

Ruth Marciniak
Glasgow Caledonian University,
United Kingdom

Şeyda Akyol
Lecturer in Marmara University,
Istanbul, Turkey

Louise Van Scheers
University of South Africa, South
Africa

Michael Chattalas
Kean University, New York, USA

Idris Zakariyya Kiri
Jigawa State College of Education

Vienda A. Kuntjoro
17 Agustus 1945 University,
Indonesia

Isaac S.R. Butswat
National Open University of
Nigeria, Jos, Nigeria

S. Rangnekar
Indian Institute of Technology,
India

Kanokkan Vichasilp
Rajamangala University of
Technology Isan, Thailand

Mahwish Waheed
International Islamic University,
Pakistan

Abasilim Angela Nneka
Wesley University of Science and
Technology, Ondo, Nigeria

Rania A.M. Shamah
Ahram Canadian University,
Cairo, Egypt

Muhammad Jahangir
National University of Modern
Languages, Pakistan

Sandeep Puri
IMT, Ghaziabad, India



ROGE - OXFORD - 2016

Celebrating a decade of Progress and Prosperity through Research and Managerial Excellence

The Academy of Business & Retail Management will be marking its 10th anniversary in 2016 by hosting a special conference on the Restructuring of the Global Economy at the University of Oxford during 20-21st June 2016

The Academy cordially invites you to be a part of this anniversary occasion.

www.abrmr.com



International Journal of Business & Economic Development

Volume - 4 Number - 1 March 2016

www.ijbed.org

Articles

The impact of globalization on economic conditions: empirical evidence from the Mena region

Marwa A. Elsherif

The new requirements relating to going concern evaluation and disclosure provide a critical improvement to the financial statements taken as a whole

Achraf A. Seyam and Sharon Brickman

A sluggish U.S. economy is no surprise:

Declining the rate of growth of profits and other indicators in the last three quarters of 2015 predicted a slowdown in the US economy in the coming months

Bob Namvar

Work-family balance dilemma among employed parents

(An empirical study)

Sally Kamel Ali Omran

The role of entrepreneurship in economic development in Saudi Arabia

Nadia Yusuf; Nisreen Ismail Albanawi

The role of female entrepreneurial networks and small business development: a pilot study based on Sri Lankan migrant entrepreneurs of tourism industry in London

H.A.K.N.S. Surangi

A historical analysis of the theories of money

Farah Durani; Ishtiaq Qureshi

A study on impact of Job role stressors on Frontline employee role performance towards the customers

Kasturi Naik; Srinivasa R. Srinivasan

Assessment of knowledge and awareness of global warming among inhabitants of industrial areas of an urban community in Nigeria

Ruth Ochanya Adio-Moses; Aladejana J. A.

The effects of audit value added on audit survival: Evidence from CPAs of Thailand

Seerungrat Sudsomboon; Phaitoon Intakun