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A Study on Value Chain Analysis in Dairy Sector Kilinochchi District, Sri Lanka

By Sivapalan Achchuthan & Rajendran Kajanathan

University of Jaffna

Abstract - Introduction : Value chain analysis is essential to an understanding of markets, their relationships, the Participation of different actors, and the critical constraints that limit the growth of livestock production and consequently the competitiveness of smallholder farmers. These farmers currently receive only a small fraction of the ultimate value of their output, even if, in theory, risk and rewards should be shared down the chain.

Objective : Main objective of the study is to evaluate the effectiveness of the value chain in the karachchi division, Kilinochchi district. And environs with a view to achieving the following broad output, to identify the key value chain actors in the dairy sector; to find out key factors influencing on value chain analysis for dairy sector; to discover the strengths and weakness of each value chain actors; to discover the opportunities and threats of each value chain actors; to suggest the value chain actors to strengthening the dairy sector in accordance with benefits of socio and economic point of view.

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A Study on Value Chain Analysis in Dairy Sector Kilinochchi District, Sri Lanka

Sivapalan Achchuthan^α & Rajendran Kajanathan^σ

Abstract –

Introduction : Value chain analysis is essential to an understanding of markets, their relationships, the Participation of different actors, and the critical constraints that limit the growth of livestock production and consequently the competitiveness of smallholder farmers. These farmers currently receive only a small fraction of the ultimate value of their output, even if, in theory, risk and rewards should be shared down the chain.

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Methodology : Qualitative study, especially field interview method has been utilized to get the valuable information from value chain actors as input suppliers, individual farmers, and milk bulking, processing & marketing actors in the dairy sector.

Conclusion : Kilinochchi district is considered as feasible place to dairy farming, but unfortunately people in this district have to face financial difficulties. And also they don't have the educational background to plan the dairy farming in the large scale; further co-op society in the karachchi division has not enough technological facilities to preserve the pure milk. And also they don't have the value added strategies like milk toffee, ice cream, yoghurt in the large scale. Due to that government and nongovernment organizations should focus their activities toward dairy farming.

I. INTRODUCTION

The role of livestock in agriculture in Sri Lanka is complex and significantly different from that of industrialized nations. Although the contribution of livestock sub-sector to the national Gross Domestic Product (GDP) is in the lowest level, it has been a crucial source of high quality protein, minerals and vitamins to the population, by way of milk, meat and eggs. For many rural smallholder farmers, livestock is a 'living bank' that serves as a financial reserve for periods of economic distress (Perera and Jayasuriya, 2008). In this way, this study focuses on the value chain analysis in

the dairy sector in the Karachchi Division, Kilinochchi District, Northern Province of Sri Lanka. Further, the livestock value chain can be defined as the full range of activities required to bring a product (e.g. live animals, meat, milk, eggs, leather, fiber, manure) to final consumers passing through the different phases of production, processing and delivery. It can also be defined as a market-focused collaboration among different stakeholders who produce and market value-added products. Value chain analysis is essential to an understanding of markets, their relationships, the Participation of different actors, and the critical constraints that limit the growth of livestock production and consequently the competitiveness of smallholder farmers. These farmers currently receive only a small fraction of the ultimate value of their output, even if, in theory, risk and rewards should be shared down the chain (Rota and Sperandini, 2010).

After the successive resettlement in the Karachchi Division, people move to agricultural, dairy and poultry sector activities. The opportunities of the dairy sector is in the tremendous trend, the demand side of milk is in the highest level, especially, cooperative societies, retail shops, companies like Nestle Lanka Plc and local people raise the demand in the Karachchi Division. But in the supply side has the weakness to produce the expected level of milk production. There are so many reasons behind this constrains such as lack of grade breeds in the dairy sector, ineffective management of the dairy sector, high cost of feeding, lack of awareness among individual farmers, lack of artificial insemination, lack of financial support etc. Balancing between Demand and supply side of the dairy sector is in the problematic one. Due to that especially the weakness of supply side should be focused through the research and development side. Therefore, this study has the valuable purpose as strengthening the value chain actors (individual farmers, input suppliers, and milk bulking, processing & marketing) in the Dairy sector, Karachchi Division.

II. STUDY OBJECTIVES

The main objective of the study was to undertake value chain analysis for dairy sector, Karachchi division, Kilinochchi District, Sri Lanka and environs with a view to achieving the following broad outputs.

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- To identify the key value chain actors in the dairy sector
- To find out key factors influencing on value chain analysis for dairy sector
- To discover the challenges of value chain actors
- To discover the opportunities of value chain actors
- To suggest the value chain actors to strengthening the dairy sector in accordance with benefits of socio and economic point of view

III. LITERATURE REVIEW

The review of literature included the collection of various earlier studies that were carried out in Sri Lanka and the region in order to appreciate the current thinking in the dairy value chain in Karachchi and the region.

Every firm is a collection of activities that are performed to design, produce, and market, deliver and support its product. All these activities can be represented using a value chain model. Competitive advantage is created and sustained when a *firm performs the most critical functions either* more cheaply or better than its competitor(s).

Value chain can be used to examine the various activities of a firm and how they interact in order to provide a source of competitive advantage by, performing these activities better or at a lower cost than the competitors. In competitive terms, value is the amount buyers are willing to pay for what a firm provides them.

Creating value for buyers that exceeds the cost of doing so is the goal of any generic strategy. *Value instead of cost, must be used in analyzing competitive position*". Sustaining competitive advantage depends on understanding NOT only a firm's value chain but how the firm fits in the overall value system.

There are stakeholders, who are not direct actors/players in the dairy value-chain, but contribute to its development. The stakeholders in question take different forms such as government; development organisations or promoters and input suppliers are necessary and have played very important roles in the development of the dairy subsector in Karachchi Division. These stakeholders may fall in any of the categories given below and appropriate data collection tools or checklists of information required were prepared.

The key players in the value chain were the input suppliers, farmers of various sizes, milk collection centers, processors and retail outlets. Each of the players in the value chain carry out various value adding services, the input suppliers for instance provide various veterinary drugs, milking equipment, AI services, feed among other services. The primary producer in the dairy value chain – the farmer carries various animal husbandry measures such as disease control measures, provision of feed to in-calf and lactating cows to ensure that the raw milk produced meets standard

requirements and traded through the formal marketing channels. The farmers adopt different feeding regimes; provide water to enhance milk production by dairy cows. It has been established that the larger the scope of operation of the farmer, the lower the cost production, hence economies of scale. The Milk Collection Centers play intermediary roles for small holder farmers to enable them enter the commercial selling of milk through the processors to the market. Milk Collection Centers (MCCs) will bulk the milk, test the milk for quality and chill the milk to the approved temperature by the processor. Some MCCs provide capacity building services to farmers in order for the farmer to run dairy farming as a business. The processor is an important player in the dairy value chain. The processors have played the role of promoting the growth of the dairy subsector and offering the market to the MCCs and the farmers to buy their milk. The processors buy raw milk and produce various milk and milk products. Some of the products the processors produce include pasteurized fresh milk, long life milk, lacto, butter, yogi drinks among others. The processor enters into supply agreements with various retail outlets such as Shoprite, Spar supermarkets among others.

The promotion of value chains in agribusiness aims to improve the competitiveness of agriculture in national and international markets and to generate greater value added within the country or region. The key criterion in this context is broad impact, i.e. growth that benefits the rural poor to the greatest possible extent or, at least, does not worsen their position relative to other demographic groups (GTZ, 2006). The need to connect producers to markets has led to an understanding that it is necessary to verify and analyze markets before engaging in upgrading activities with value chain operators. Thus, the value chain approach starts from an understanding of the consumer demand and works its way back through distribution channels to the different stages of production, processing and marketing (GTZ, 2006). Globally livestock ownership currently supports or sustains the livelihoods of an estimated 700 million rural poor, approximately 70% of the world's rural poor population (PPLPI, 2001). The dairy cow is one of the most important investments a farmer can make to improve their standing because of their inherent value, the nutritional valuable milk produced, the work they can perform, and the way it can help diversify farming activities. The importance of the dairy cow is expected to increase as food imports to Sub-Saharan Africa (SSA) are projected to more than double by 2030 under a business as usual scenario (World Bank, 2008). Dairy provides rural farmers with a way to increase assets, a method to diversify income and nutrition. Dairy is also an important tool to address poverty, enhance agricultural development, and create employment opportunities beyond an immediate household or smallholder dairy operation. Dairy is a

development tool because it “widens and sustains three major pathways out of poverty: (1) securing assets of the poor, (2) improving smallholder productivity and (3) increasing market participation by the poor” (ILRI, 2007). The following trends will affect dairy production, particularly rural, smallholder livestock producers: 1) Increasing pressure on common grazing and water resources; 2) A shift in livestock production from a local, multi-purpose activity to an increasingly market-oriented and vertically integrated business; and 3) Strong growth of industrial production units reliant on the use of cereal based feeds close to urban centers (PPLPI, 2009). An estimated 60 % of the African rural population lives in areas of good agricultural potential, but with poor market access. Only 22 % live in areas of good agricultural potential and good market access. About 18 % suffer poor market access and poor agricultural potential (Kelley and Byerlee, 2004 cited by Koenig et al. 2008).

Heiko Bammann (2007): in his paper, *“Participatory value chain analysis for improved farmer incomes, employment opportunities and food security”*, states that, Collaboration between government agencies, non-governmental agencies, and private agribusinesses offers the greatest potential for applying the value chain concept, ***with the aim of increasing income and employment through improved farming.*** The approach can be applied to a wide range of situations and for different beneficiary groups, including youth and women’s groups.

In the Land,, O Lakes study [Swanson Study (2009)] entitled Dairy Development for Vulnerable Populations in Zambia established that poor maintenance of roads in the milk shed areas made it impossible for the processor trucks to gain access to

Milk Collection Centres (MCCs) among other key findings. To strengthen the capacity of the small holder dairy farmer, the study recommended that promoting organisations should have field level hands on support and training to direct beneficiaries of the dairy cows and maintain close monitoring through farm visits in addition to group meetings. The farmer training should focus on record keeping, improved management of animals, with attention to growing special feed for dry season months.

Most commonly, milk processing in tropical countries is characterized by inadequate technological and economic conditions. Smallholder farmers are increasingly trying to produce milk regularly for sale directly to customers in their village or nearby cities, or to private milk vendors, or to milk plant in the local region (Malcolm, 1999).

IV. METHODOLOGY OF THE STUDY

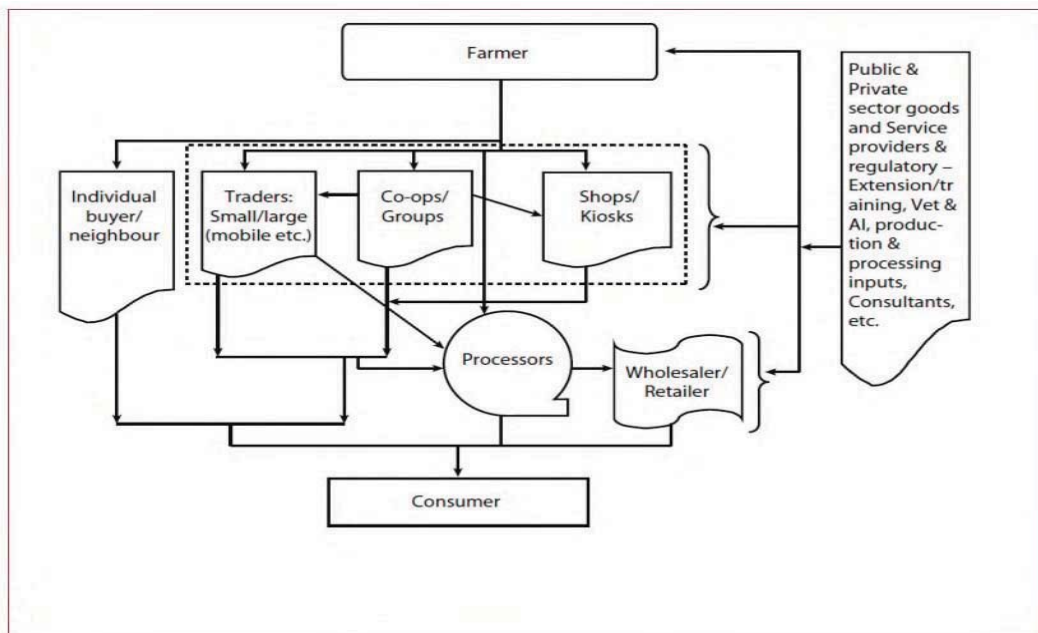
a) Descriptions of the Study Area

Study area as Karachchi division is located in the Kilinochchi district, Northern Province of Sri Lanka. It has 42 GN divisions with 65000 populations approximately. Mainly, the people in the karachchi division involve in the agricultural activities. Generally, kilinochchi district is considered as the agricultural district in the Northern Province. And also dairy sector is considered as the main source to fulfill the local milk needs. Further, now the people and Livestock Breeders co-op society in the particular division have moved to maintain the large scale dairy sector with grade breeds.

b) Conceptualization of the study

Based on the relevant literature, researchers have formed the conceptualization of the study. It gives the tremendous theoretical and practical knowledge especially in the dairy sector to the researchers.

Figure 1: Milk Value Chain Actors



Source : Muriuki, 2011, Dairy Development in Kenya

c) Study Design

Qualitative study, especially **field interview method** has been utilized to get the valuable information from value chain actors as input suppliers, individual farmers, and milk bulking, processing & marketing in the dairy sector. **Separate structured interview questions** have been designed by researchers (see the annexure). Further **judgmental sampling method** was used to select the respondents in the key value chain actors.

d) Sampling Design

Respondents in the Input suppliers

Firstly, Owners of five retail shops providing feeding items to the dairy sector located in the Karachchi division were selected and interviewed. Secondly, in the category of input suppliers, especially in the financial services, managing in charge of Bank of Ceylon and credit officer in commercial bank, Kilinochchi district were interviewed. Thirdly, doctor in charge who practices veterinary medicine in the socio – economic development project for dairy farmers in Karachchi DS division was interviewed.

Respondents in individual farmers

Thirty individual farmers who have involved in the dairy farming activities, Karachchi division were selected and also interviewed by the research team.

Respondents in the milk bulking, processing & marketing activities

Under this category, eight members including general manager and two labors in the maintenance section in Livestock Breeders co-op society, Karachchi division were interviewed. Secondly, five runners in the dairy sector, who collects and delivers the milk to the people, retail tea shops, firms and primary schools in the Karachchi Division, were interviewed. Finally, Managing in charge and marketing field officer of Nestle Lanka Plc, in the Karachchi division were interviewed.

V. VALUE CHAIN ANALYSIS

a) Introduction to value chain analysis

Value chain actors as input suppliers, individual farmers, and milk bulking, processing & marketing in the dairy sector have been focused in this study. Challenges and opportunities of value chain actors are analyzed in the systematic way.

b) Individual farmers' perspective towards Dairy sector

Especially thirty individual farmers from uttupulam, vivekanantha puram, arivijal nagar, santha puram, panamkandi, vaddakachi, and iskantha puram in the karachchi division were focused and interviewed by the research team

Challenges of the individual farmers towards Dairy sector

- Lack of grade breeds in the dairy sector, yield from dairy sector is in the lowest level.

- Lack of awareness in the management of dairy sector in the kilinochchi district among people.
- Environmental challenges, climatic situation of the kilinochchi district are not suitable one to the dairy sector with high breeds. But some grade breeds like sinthu, sunanthini etc are better one to the kilinochchi district to get the high yield.
- Lack of financial sound of the individual farmers, feeding items like high value mass (retail price as 1780 Rs / 50kg) and minerals items.
- Lack of financial assistance to create the dairy farms in the large scale, people in the karachchi division are ready to take the loans to create the dairy farms. But unfortunately, the financial assistance is in the question mark.
- Lack of artificial insemination and veterinary services, in the karachchi division, only two veterinary doctors, and four assistances as livestock officers have been assigned in the socio – economic development project for dairy farmers.
- Lack of knowledge in the dairy sector development, available financial services, veterinary services and other administrative activities related to the dairy sector among people in the karachchi division.

Opportunities of the individual farmers towards Dairy sector

- Demand for dairy products, especially pure milk is demanded by the various sectors as co-op societies, nestle lanka plc, retail tea shops and people in the Karachchi division. Further, in future the marketing opportunities of the dairy related products will be increased.
- Price of the pure milk is the fair to the individual farmers (45 Rs – 50 Rs per lit).
- Non government organizations as world vision, UNDP, IOM etc have focused on the dairy sector development in the Karchchi division.

c) Input suppliers' perspective towards Dairy sector

i. Doctor in charge who practices veterinary medicine in Karachchi Division

According to the statement of the doctor in charge who practices veterinary medicine, in the kilinochchi district, especially the climatic condition is not suitable for some grade breeds, due to that the selection of the grade breeds is the most important one to dairy sector development, the grade breed as the **Sunanthini** is the best breed for kilnochchi district. Therefore, especially the nongovernment organizations as world vision, UNDP, IOM etc should focus the suggestion of the doctor in charge. Further, the grade breed as Sunanthini can be imported from Kerala region. India with minimum legal procedures.

Further, he pointed that, Co – op societies, individual farmers and other actors in the milk processing and marketing in the karachchi division

should have the better strategic option as value added products like milk toffee, ice cream, curd, more, yoghurt, panner, milk juices etc with the minimum technological infrastructure. And also skill development programs & other awareness programs should be conducted by the government and non government organizations to create the better awareness among people in the dairy sector.

ii. *Financial Services, Managing in Charge of Bank of Ceylon and Credit Officer in Commercial Bank, Kilinochchi District*

Managing in Charge of Bank of Ceylon

In Karachchi division, fifteen loans especially to the dairy sector have been provided to the people who have involved in the dairy sector successfully for last couple of years. The resettlements of these loans are in the 90 percentage level. Further, the bank are ready to provide the loans with minimum procedures as certificate of veterinary doctor, two government employees grantees, and required insurance. But people have lack of awareness to get the loans, even though bank has not focused any training program yet now to give the awareness.

And also BOC and Cargills have jointly planned the strategic alliances in the Dairy sector in the Kilinochchi district, due to that they have already named the project as Yarpanam Dairy Development Ltd with estimated cost of 500 million approximately. Further, 5000 direct and indirect employees can be benefited from this project (see the annexure 4). So that, in future, the dairy sector development will be in the tremendous way.

Credit Officer in Commercial Bank

Private commercial banks in the kilinochchi district have the rigid procedures of loaning system compare with government oriented commercial banks, in the private sector, the commercial bank has the better loaning system to the self employment, in the island wide, even though in the karachchi division, the activities of the loaning system in the dairy sector is in the lowest level. Only three loans have been provided to the dairy sector. It is the far lowest level compare with other districts in the Northern Province. Resettlement of the loans is in the question mark especially in the self employment purpose, because, people generally get the loans for the self employment purpose, but they use the loans for building constructions (housing) and other personal purpose. Due to that the credit unit and managing in charge of commercial bank in the kilinochchi district have the risks to provide the loans to the people.

iii. *Retails Shops Providing Feeding Items to the Dairy Sector in Karachchi Division*

In the Karachchi division, approximately, fifteen retail shops are functioning; mainly they sell the prima

branded feeding items, further, the demand for Prima brand is in the peak level. They all generally sell the 8000 kg prima dairy mass per month. Mainly dairy mass and minerals items are demanded by the farmers in the division.

Challenges of the Retail Shops providing feeding items

- High rent, they pay for the owner of shop
- Expand the business is in the question mark, because, lack of financial support
- Life time of the dairy feeding items is in the low level (minimum one month period)
- Lack of awareness in the Dairy feeding items and its marketing strategy
- Lack of awareness to get the loans from financial intermediaries
- Surviving in the high rocket speed inflation in the Sri Lanka.

But, there are some opportunities, marketing of feeding products will be increased in future, because the dairy sector development has been focused by people, co-op societies, and other private sectors in the Karachchi division, further, Nongovernmental organizations as World vision, UNDP, IOM have implemented the several project related to the dairy sector in the division.

d) *Milk Bulking, Processing & Marketing activities' Perspective towards Dairy Sector*

Under this category, perspectives of Livestock Breeders co-op society, runners in the dairy sector, who collects and delivers the milk and Manager in charge & marketing field officer of Nestle Lanka Plc, in the Karachchi division have been considered.

i. *Perspectives of Livestock Breeders' co-op society*

Livestock breeders' co- op society in karachchi division was established in 1989, under the co-operative act. Now it has 23 branches and 1175 members in karachchi division. Further, two farms are maintained by the society with the valuable funding of world vision (especially in the dairy farming, farms have 16 high breeds altogether).

Challenges of Livestock Breeders' co-op society in the dairy sector

- Lack of financial support to administrate the co-op society
- Lack of freezing or cooling facilities to preserve the pure milk and value added products
- Lack of financial assistance to expand the dairy activities
- Lack of co-op cities in the villages in Karachchi division
- Lack of labors and other professional workers as accountant, consultant in the co-op society
- Higher price of feeding items like dairy mass
- Maintaining the integrated model farming is the complex one

- Lack of transport facilities to deliver the milk and get the feeding items in the large scale
- High competitive environment in the dairy sector, co-op society should compete with nestle lanka plc, cargills etc
- Marketing opportunities in weekend days as Saturday, and Sunday are in the low level
- Lowest amount of earning through the pure milk delivery

Per Day / per lit
 Purchasing Price = 45
 Commission for Runner = 7
 Total purchase Cost = 52
 Operative Expenses = 3
 Total Cost = 55
 Selling Price = 60
 Profit = 5

- Lack of awareness in the Dairy sector development and management
- Lack of skill workers in the Co – op Societies
- Lack of Technological Infrastructure facilities compare with co-op societies in the Jaffna and Vavuniya District
- Lack of awareness in the value added products as curd, moor, ice cream, and yoghurt

Opportunities of the Livestock Breeders' co-op society in the dairy sector

- Co-op society has the two model farms with sixteen high breeds, now only five dairy castles provide the yields, in future; yielding capacity of the farms will be increased
- Marketing opportunities of the pure milk and other value added products as curd, moor, ice cream and yoghurt are in the highest level, dairy related products are demanded by the private sectors as nestle lanka plc, cargills, other retail shops, and people in the division
- Documents and accounting system are maintained in the proper way, due to that, controlling activities as budgeting , forecasting can be utilized to get the earning with minimum cost

ii. *Runners' Perspective towards Dairy sector*

In Karachchi division, fifteen runners who collect and deliver the milk to the people, retail tea shops, firms and primary schools are functioning in the dairy business approximately. Out of fifteen runners, five runners were selected as interview respondents.

Challenges of the runners in the dairy sector

- High Transportation cost, increasing oil price is the main reason to the high transportation cost
- Time management, they all have to deliver the milk to the preschools and other sectors before 10 am in the week days

- Leasing cost , they all have the responsibility to pay the installment and interest to purchasing the vehicles on lease
- High competition in the dairy sector, runners must compete with each others to get the high yield
- Lack of awareness in the marketing strategies
- Lack of educational background to calculate their salary or commission scheme
- Lack of financial assistance, they have to face complex situation when they approach the banks for the loans to expand the business

iii. *Nestle Lanka Plc's perspective towards dairy sector*

Managing in charge and marketing field officer of nestle lanka plc were interviewed to get the valuable information by the research team.

Opportunities of the nestle lanka plc in karachchi division towards dairy sector

- Nestle lanka plc is the major collector in karachchi division, they have two chilling plants to preserve the milk, each have the 1800 liters capacity. Head office is ready to provide the additional plant when there is maximum supply (more than 5000 liters per day)
- They have the proper strategy to collect the milk, assigning the runners as milk collectors in morning and evening with the payment based on the kilometers.
- To provide the basic infrastructure facilities to induce the individual farmers in the dairy sector as providing dairy cattle and cattle sets.
- To provide the financial assistance to individual farmers and runners to increase the commitment on the work
- They have the tremendous capacity to preserve the milk.
- They have the proper equipment to the test the quality of milk (to test the lactogen)
- They have the proper documentary system to maintain the information as valuable source
- They have the proper marketing strategy and team , marketing strategy and training are provided through the research and development department of the company
- They have the better infrastructure facilities as chilling plants, transportation vehicles, better marketing team, etc
- They have the big opportunity to expand the business, because nestle plc is one of the listed company in Sri Lanka

VI. PROBLEM ANALYSIS OF DAIRY PRODUCTS VALUE CHAIN

Stage of VC	Problem	Cause	Possible Solution
Input Supplies	<ul style="list-style-type: none"> - Price variation / High coast of feedings - Shortage of supply 	<ul style="list-style-type: none"> - Transportation cost/Lack of transportation/Lack of capital - Lack of animal feeding shops 	<ul style="list-style-type: none"> -Need to have a stock -Have credit facility or easy payment scheme
Milk Producer/ Dairy farmers	<ul style="list-style-type: none"> - Diseases and death of animals - Lack of grade breed - Ineffective management 	<ul style="list-style-type: none"> - Lack of awareness among individual farmers - Not available in Northern province -Lack of capital and knowhow 	<ul style="list-style-type: none"> - Use of paddy husk or efficient cooking method -Import good breed from India - Mobile services of Animal Health services
Milk collection (Central unit)	<ul style="list-style-type: none"> - No own investment (Currently facilitated by LIBCO) - Supply chain is not organized - Lack of capacity to expand / No sub center 	<ul style="list-style-type: none"> - No money to invest - Not organized as a team --do- 	<ul style="list-style-type: none"> - Search for an investor To have a central collection unit - Organize the Milk producers of the VC - Increase the number of runners and develop their capacity
Cooling facilities	<ul style="list-style-type: none"> - Lack of facility in LIBCO - For individual farmer not reachable 	<ul style="list-style-type: none"> - Not given the permission -Need effective collection system 	<ul style="list-style-type: none"> - Permission from the relevant authority - Introduce more runners/coolers for collection of milk/sub collection center
Retailer	<ul style="list-style-type: none"> - Quality variation of milk - Shortage of timely supply 	<ul style="list-style-type: none"> - Mixing with water - Lack of transportation - Opening the market to outsiders 	<ul style="list-style-type: none"> -Awareness among the producers - Facilitation with resources - Have a regional promotion on hand pound rice Communicate with suppliers Have a considerable profit margin
Animal Health service	<ul style="list-style-type: none"> - Weaknesses in providing the timely service - Access by the product 	<ul style="list-style-type: none"> - Lack of veterinary Doctors - No sub offices 	<ul style="list-style-type: none"> - Increase the no of Doctors - Provide technology and training to the farmers - Introduce sub offices

VII. RECOMMENDATION FOR VALUE ACTORS IN DAIRY SECTOR IN KARACHCHI DIVISION

- Government sectors and non government organizations should focus on the feeding and water resource management in dairy sector
- Further research should be focused on the artificial insemination, feeding and water resource management in dairy sector
- To provide the infrastructure facilities to the individual farmers as providing dairy cattle and cattle sets to induce the farmers in the dairy farming
- To provide the continuous training and development program, program should be focused on skills to make the value added products cost effectively as milk toffee, curd, moore, paneer, ice cream etc
- To provide the awareness through the knowledge based training program on feeding and water resource management, maintenance of dairy cattle, artificial insemination etc
- Government oriented commercial banks and private commercial banks should focus the loans on the dairy farming activities
- To give the awareness to get the facilities from government institutions and sectors, especially from, Ministry of Livestock Development and Estate Infrastructure, Department of Animal Production And Health (DAPH), Provincial Departments of Animal Production and Health, National Livestock Development Board (NLDB).
- Non government organization should monitor and evaluate the progress level of their fund' effectiveness in the dairy sectors. If there is a deviations in the progress, the corrective action or solutions should be provided
- Especially the government should provide the better medical facilities to the dairy farming as scheduling medical training camps in villages in the continuous way.
- Co -op society in katrachchi division, the main problem is the lack of technological infrastructure facilities to preserve milk and change the milk to value added products as ice cream and milk toffee etc, due to that, non government organization should provide the chilling, and freezing facilities.
- To give the awareness program to prepare the value added products in the large scale as curd, moore, paneer, ice cream and milk toffee with cost effective manner among co-op society members and workers.
- To give the marketing based training program, marketing strategies in the dairy sectors should be provided by the marketing experts in the dairy sectors.
- To provide the skill development program in the continuous way to maintain the large scale dairy farms in the co-op society in karachchi division

- To give the marketing strategic tips as link with value actors as individual farmers, runners, preschools, co-op society and retail shops to establish the strong value chain function
- To establish the co-op cities in the villages in the karachchi division is better one to market the pure milk and other value added products with the minimum price to the people
- To focus on the research and development in the dairy sector in a deep way

Veterinary services and artificial insemination : To select the better suitable breed in the karachchi division

Natural resource management : To select the available natural feeding and water resources in karachchi division

Waste Management : To plan the proper waste management system, like making Bio gas

Marketing Field : To test the attitudes of the customers in the karachchi division Demand and Supply analysis

To find out the marketing strategies among value actors

- Kilinochchi district is considered as a agricultural district in the northern province, due to that, the model village of dairy farming can focused in the karachchi division by government and non government organizations
- Selecting the graduates who have the interest in the dairy sector to give the entrepreneurial training program to induce the intention towards establishing large scale dairy farming

VIII. CONCLUSION

While analyzing dairy sub-sector as source of employment and a business opportunity for poverty alleviation, it should be understood in the context of the contribution of livestock production to livelihoods and income generation for smallholder farmers through the production of higher-value products compared to most crops. In this way, kilinochchi district is considered as feasible place to dairy farming, but unfortunately people in this district have to face financial difficulties. And also they don't have the educational background to plan the dairy farming in the large scale; further co-op society in the karachchi division has not enough technological facilities to preserve the pure milk. And also they don't have the value added strategies like milk toffee, ice cream, yoghurt in the large scale. Due to that government and nongovernment organizations should focus their activities toward dairy farming.

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ANNEXURE 1

Questionnaire/Interview Guide Sample (Dairy sector), Milk Bulking, Processing & Marketing

Milk Bulking, Processing, & Marketing

DATE : _____

FORM NO : _____

Section 1 : Business Details

1. Name of Business/Trader:-----
2. Location: -----
3. How do you purchase the dairy products? (source)
4. How do you sell the dairy products? (source)
5. Do you have cold storage facilities for the dairy products? Yes / No

6. What major **operational challenges** do you encounter in running the business?

(Threats & Weakness)

7. What **marketing challenges** do you encounter in selling Dairy related products?

(Threats & Weakness)

8. What is the **average gross margin** for these products?

(Brief Profit and Loss A/C)

Section 2 : Financial Aspects

1. What are your sources of finance?
2. What financial challenges do you encounter?
3. What assistance (financial, operational and marketing) would you need to increase production and Productivity?

*****Thank the respondent again and get their contacts as your depart*****

ANNEXURE 2

Questionnaire/Interview Guide Sample (Dairy sector), Individual Farmers

INDIVIDUAL FARMERS

DATE: _____

FORM NO: -----

Seek permission, introduce yourself and the assignment and thank respondent for their time

Section 1: Business Details

1. Name of farmer: -----
2. Location: -----
3. On average how many dairy cows you use for your business?-----
4. What breeds do you use during dairy business?-----
 - a. Local breeds
 - b. Grade breeds
 - c. Buffalos breeds
 - d. Other (specify)
5. What major **operational challenges** do you encounter in running the business?
6. What **marketing challenges** do you encounter in selling Dairy related products?
7. What is the **average gross margin** for these products?

Section 2 : Financial Aspects

1. What are your sources of finance?
2. What financial challenges do you encounter?
3. What assistance (financial, operational and marketing) would you need to increase production and Productivity?

*****Thank the respondent again and get their contacts as your depart*****

ANNEXURE 3

Questionnaire/Interview Guide Sample (Dairy sector), Input Suppliers

INPUT SUPPLIERS DATE: _____ FORM NO: ____

Seek permission, introduce yourself and the assignment and thank respondent for their time

Section 1: Business Details

1. Name of Business:-----
2. Location:-----
3. What Dairy related products/ services do you stock? (Tick)
 - a. Feed items
 - b. Animal Insemination & Services
 - c. Other physical input
 - d. Financial services
 - e. Others (Specify):-----
4. What major **operational challenges** do you encounter in running the business?

(Threats & Weakness)
5. What **marketing challenges** do you encounter in selling the input materials / services to the Dairy related farming?

(Threats & Weakness)
6. What is the **average gross margin** for these products / services?

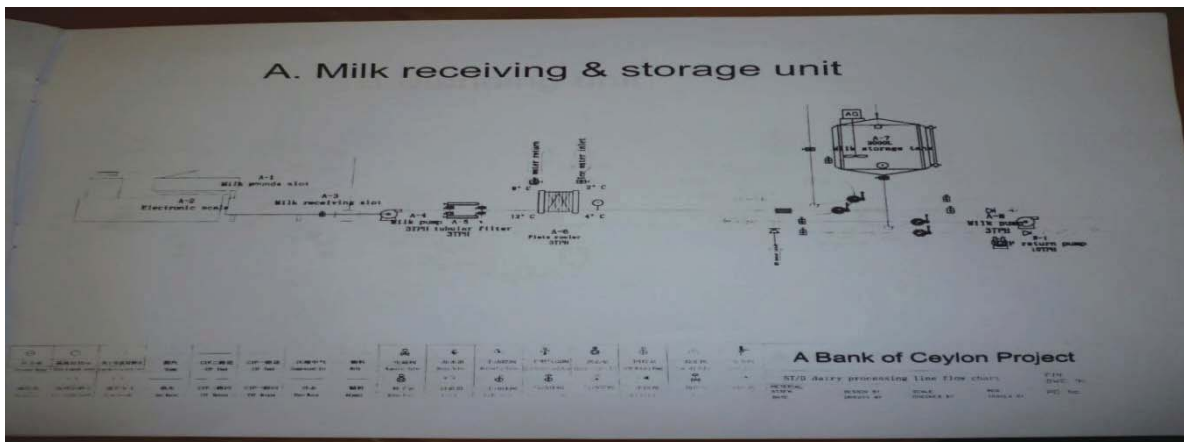
(Brief Profit and Loss A/C)

Section 2 : Financial Aspects

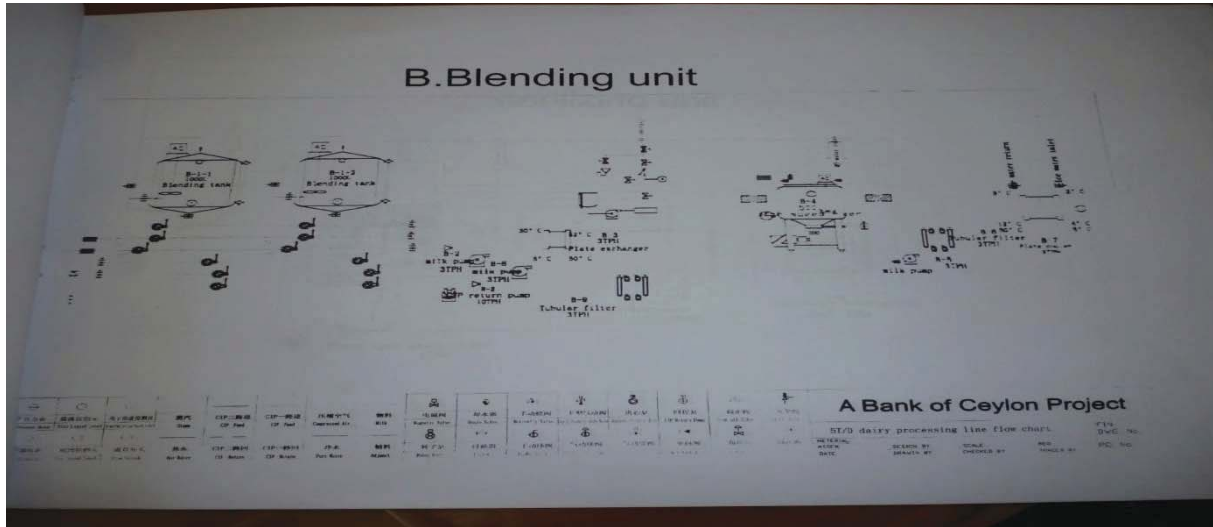
1. What are your sources of finance?
2. What financial challenges do you encounter?
3. What assistance (financial, operational and marketing) would you need to increase production and Productivity?

ANNEXURE 4

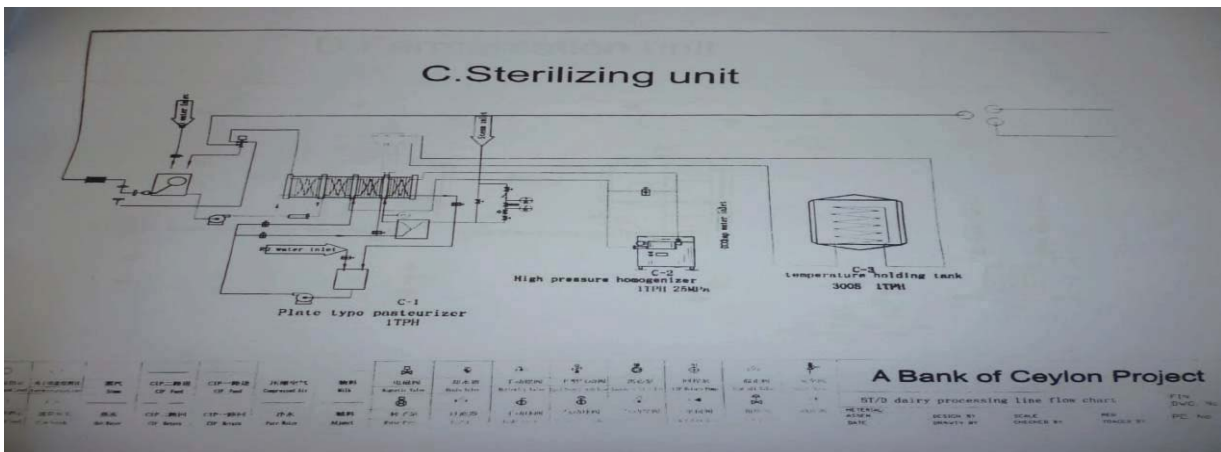
Detailed project draft of the Yarpanam Dairy Development Ltd, Kilinochchi
Milk Receiving and Storage Unit



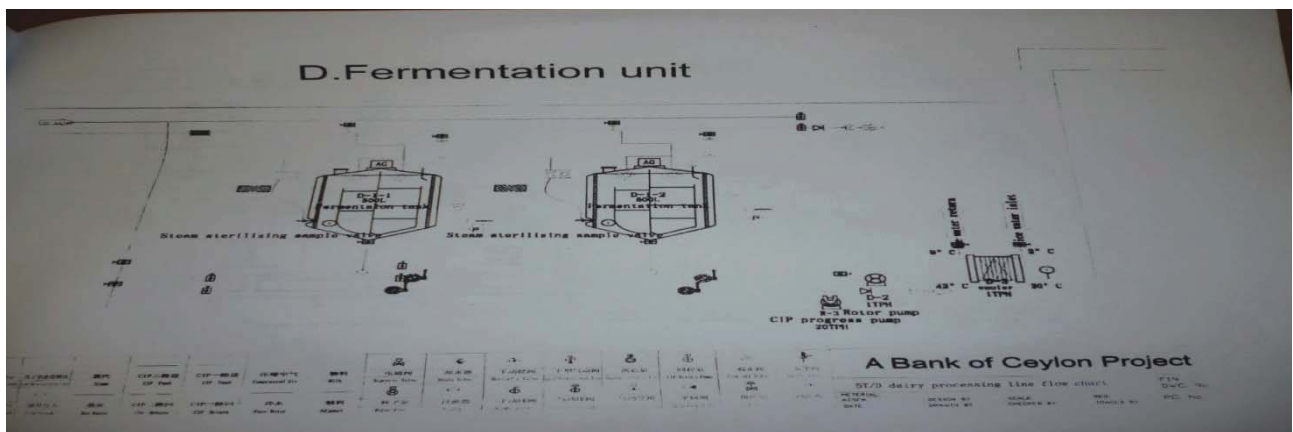
Blending unit



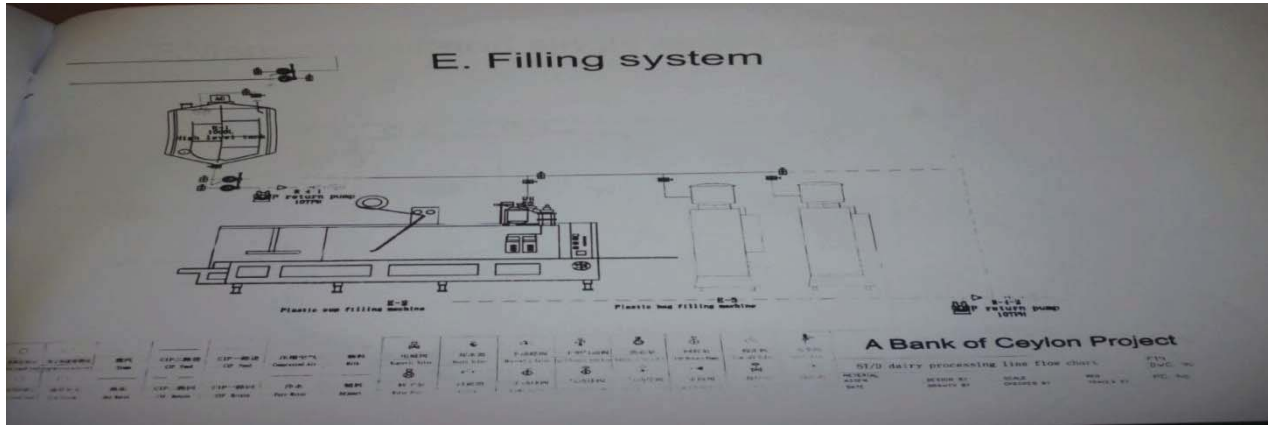
Sterilizing unit



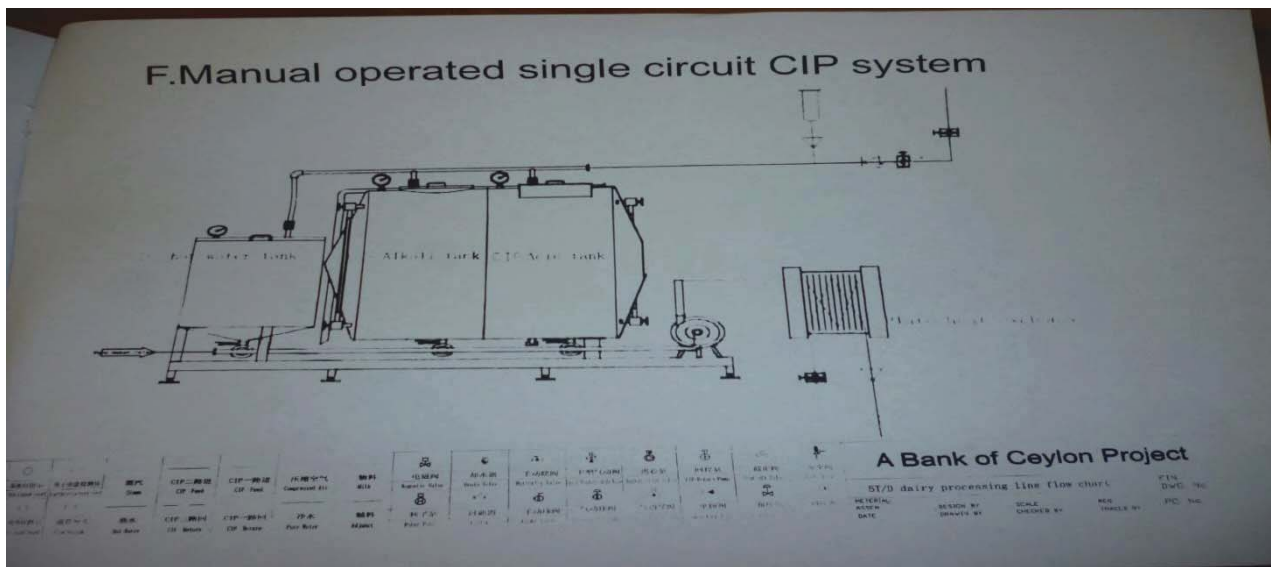
Fermentation unit



Filling System



Manual Operated Single Circuit CIP System





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Corporate Governance Practices and Its Impact on firm Performance : Special Reference to Listed Banking Institutions in Sri Lanka

By Rajendran Kajanathan

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Abstract - Background of the Study : The term “corporate governance” came into popular use in the 1980's to broadly describe the general principles by which the business and management of companies were directed and controlled. Further, Governance may be said to be all about effective, transparent and accountable administration of affairs of an institution by its management, while protecting the interests of its stakeholders including shareholders, creditors, regulators and the public.

Objective : The objectives of the study are to find out the relationship between corporate governance practices & firm performance; to examine the impact of corporate governance on firm performance in listed banks, SriLanka in the years of 2006, 2007, 2008, 2009, and 2010.

Keywords : corporate governance practices and firm performance.

GJMBR-B Classification: JEL Code: O16



Strictly as per the compliance and regulations of :



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Objective : The objectives of the study are to find out the relationship between corporate governance practices & firm performance; to examine the impact of corporate governance on firm performance in listed banks, Sri Lanka in the years of 2006, 2007, 2008, 2009, and 2010.

Design/methodology/approach : In an empirical study, leadership structure, board composition, board committees, board size and board meeting in the corporate governance dimensions to predict the firm performance were examined. A sample of 11 listed banks were selected from database of Colombo stock exchange for the during the period 5years from 2006 to 2010. The selection was determined by the availability of data for years. Data was obtained from annual reports. The data was analyzed with SPSS to obtain quantitative measures of descriptive statistics, Spearman's correlation, regression analysis and analysis of variance.

Findings : This study provided evidence in support of a positive relationship for separate leadership, board composition, board committees and firm performance. In this study, the positive relationship between corporate governance structures, separate leadership, board composition, board committees and firm performance indicated that firms had implemented corporate governance strategies, which had resulted in higher profitability. Further the corporate governance practices have a significant impact on firm performance.

Practical implications : This study has significant implications for the corporate sector, investors, policy makers, international agencies, government and stakeholders, due to the importance of the corporate success to the economy of the country.

Keywords : corporate governance practices and firm performance.

I. INTRODUCTION

Corporate governance has become a popular discussion topic in developed and developing countries. The widely held view that corporate

governance determines firm performance and protects the interests of shareholders has led to increasing global attention. Today corporate governance has become a worldwide issue and the development of corporate governance practices has become a prominent issue in all countries in the world. Sri Lanka too is not immune from these developments and problems relating to corporate governance. Further, many financial regulations and supervision systems were established in order to control banking activities and ensure the safety of investors. In Sri Lanka, attempts to improve corporate governance in the past have been through the adoption of voluntary codes. Several years ago the Central Bank published a voluntary code for banks to adopt (Kumudini, 2011).

According to the Sivesan, Achchuthan, Manusuthan and Piriayatharsan (2012), the banks are fighting with each other to gain a great slice of the market share with a globalization effect. Therefore, the banks have to face difficulties to meet the high growth of customer expectations.

Velnampy and Nimalathan (2008) says according to their study on association between organizational growth and profitability: a study of commercial bank of ceylon ltd srilanka in developing countries like Sri Lanka, banking organizations provide fund for other organizational developments. Financial System of a country is broadly the mechanism in the financial market which deals with the Business or transactions in money. The financial sector in every country has become the deciding factor of the economy. The banking organisations, today, is moving towards the goal of integrated financial services because of the strong competition and quick changes of technology (Velnampy and Nimalathan). In srilanka, banking sector is considered as main recipient in recent economic downturn. Therefore, better formation of strategies in banking sector is the most needed one especially in the recent information technology era. Furthermore, in Srilanka, the rapid growth of banking and other financial services provide the financial infrastructure facilities to the economic expansion and structural transformation .this is clearly reflected in the growth of assets in the financial sector and the contribution of the financial sector to gross national product in last ten years. In this context, Bank

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institutions in developing and developed countries represent machines of economic growth. For this reason, Corporate Governance of banks plays important role in the global financial scene. Further, as the development of the capital markets in Sri Lanka is a result of the liberalization of the economy in 1977, among other things, the country has experienced good performance and increased investor confidence in listed companies. In order to attract foreign direct investment, organizations such as the World Bank and International Monetary Fund (IMF) are promoting better governance for their member countries and wider networks. As a result, corporate governance initiatives in Sri Lanka commenced in 1997 with the introduction of a voluntary code of best practice on matters relating to the financial aspects of corporate governance. The Bank is required to mandatorily comply with the Corporate Governance rules of the Code of Best Practice of Corporate Governance laid down as per Central Bank Direction No. 11 of 2007 as amended as aforesaid and also the Colombo Stock Exchange rules of Corporate Governance for listed entities which became mandatory for banks with effect from the financial year January 2009. before that compliance with the ICASL/SEC code of best practice on corporate governance was on a voluntary basis.

II. OBJECTIVES

The Bank is required to mandatorily comply with the Corporate Governance rules of the Code of Best Practice of Corporate Governance laid down as per Central Bank Direction No. 11 of 2007 as amended and also the Colombo Stock Exchange rules of Corporate Governance for listed entities which became mandatory for banks with effect from the financial year January 2009. before that compliance with the ICASL/SEC code of best practice on corporate governance was on a voluntary basis. Corporate governance research has also evolved along a similar trajectory. *The purpose of this study* was to examine the relationship between corporate governance practices & firm performance; to examine the impact of corporate governance on firm performance in listed banks, Sri Lanka in the years of 2006, 2007, 2008, 2009, and 2010.

III. REVIEW OF LITERATURE

In order to understand corporate governance in Sri Lanka, a review of relevant literature is fundamental one to discussing corporate governance practices and firm performance in the organization perspective. According to the Organization for Economic Co-operation and Development (2004), the corporate governance framework should be developed with a view to its impact on overall economic performance, market integrity and the incentives it creates for market participants and the promotion of transparent and efficient markets. Further, today corporate governance is

complex and mosaic, consisting of laws, regulations, politics, public institutions, professional associations and a code of ethics. However, in the emerging markets of the developing countries many details of these structures are missing. For them developing a system of good corporate governance is difficult because such governance is complex and vague due to the confusing relationships between state and financial sectors, weak legal and judicial systems, absent or underdeveloped institutions, corrupt political systems, and scarce human resource capabilities (Chowdary 2003), which can negatively affect the return on investment (Dallas & Bradley 2002).

Corporate governance comprises several elements of the structure of the government, which includes capital, labour, market, organisation along with their regulatory mechanisms. It also involves the processes that connect the structures with agents, including management control and accountability, as well as rules, regulations, laws and institutionalized procedures and norms (Alawattage & Wickramasinghe 2004). However, governance is more than board processes and procedures, involving relationships between management, boards, shareholders and other stakeholders such as employees and the community (Bain & Band 1996; Chowdary 2002). Shleifer and Vishny (1997) view corporate governance as a set of mechanisms which ensures that potential providers of external capital receive a fair return on their investment, because the ownership of firms is separated from their control. And also corporate governance promotes efficient use of resources within the firm and the larger economy. It also helps firm's to attract low cost investment capital through improved investor and creditor confidence, both nationally and internationally. It also increases the firms' responsiveness to the need of the society and results in improving long-term performance (Gregory & Simms 1999). Following key points help to emphasis the significance of corporate governance especially in the banking sector as Banking system stability is important for economic growth; Good corporate governance (CG) is required in banks to achieve good CG in other firms; Banks have wider stakeholders-government, regulators and most importantly depositors ; Promotes market confidence; helps to attract additional capital and fosters market discipline through good disclosure and transparency; Helps ensure that company takes into account the interest of not only of a group of people but also of the communities within which they operate; Those actions in turn help to ensure that FIs are operating for the benefit of society as a whole and Good corporate governance practices can strongly contribute to financial market development and financial stability etc. Based on the relevant literatures, we have pointed that, there is a significant relationship between corporate governance and firm performance in developing and developed

countries. in the Malasiyan context, Abdul Rahman (2006) has approached on the corporate governance practices, the findings revealed that, most Malaysian companies are controlled by foreigners from European countries, particularly the U.K. According to Gomez (2004), most of the small and medium enterprises (SMEs) owners prefer their heirs to become professionals and do not encourage passing business to them. Indeed, previous studies in several other countries also find a negative relationship between board size and firm performance. Velnampy and Pratheepkanth in a study, entitled "Corporate Governance and Firm Performance: A Study of Selected Listed Companies in Sri Lanka" for corporate

governance practices during the year between 2006 to 2010 in Selected Listed Companies in Sri Lanka, showed a positive relationship between the variables of corporate governance and firm's performance. According to the studies of Black, Jang and Kim, 2006; Drobetz, Schillhofer and Simmermann (2004); Ong, Wan and Ong (2003), and Gedajlovic and Shapiro (2002), there was the positive significant relationship between corporate governance practices and firm performance in various countries, in contrast, based on the studies of Guler, Mueller and Yurtoglu (2001), Hovey, Li, and Naughton (2003) and Alba, Claessens and Djankov (1998), there was no significant relationship between corporate governance and firm performance.

IV. METHODOLOGY

a) Operationalization

Table 1 : Variables used to study the corporate governance practices

Variables	Measures	Symbols
<u>Corporate Governance</u> Separate leadership	Dummy variables 0 for combined leadership and 1 separate leadership	LDS
Board composition	Non-executive directors to number of directors	COMP
Board committees	Dummy variables 0 if less than two committees are represented and 1 if all three committees are represented	COMM
Board size	Number of directors	BSIZE
Board meeting	Number of meetings	BM
<u>Firm performance</u> Return on equity	Profit after tax / shareholders funds	ROE
Return on total assets	Profit after tax / book value of total assets	ROA

b) Hypotheses

Table 2 : Development of Hypotheses

NO	Hypotheses
H1a	Separate leadership structure is positively associated with firm performance.
H1b	A majority of non-executive directors on the board is associated with firm performance.
H1c	Boards committee structures composed of audit, remuneration and/or nomination committees are positively associated with firm performance.
H1d	Board size is associated with firm performance.
H1e	Board meeting is associated with firm performance
H2	There is a significant impact of corporate governance on the firm performance

c) Sample Selection

The objective of the study was to conduct an investigation of the corporate governance practices of listed banking institutions in Sri Lanka and their effect on firm performance.

The sample was selected from the 11 banking companies listed in the Colombo Stock Exchange for the period 2006,2007,2008,2009 and 2010.

d) *Data Collection*

The following section discusses the method of data collection and types of data that were collected to conduct the study. The study assessed the relationship between corporate governance practices and firm performance of listed companies in Sri Lanka. The data and information required for the study were collected from the Colombo Stock Exchange (CSE) websites, annual reports, journals and the Colombo Stock Exchange publication

e) *Data Collection Methodology*

Data on corporate governance practices and firm performances were collected from secondary sources.

f) *Types of Data collection*

For the purpose of this study data were collected for the period between 2006 and 2010. The data required for the study included board leadership (if the positions of chairman and the CEO were held by single person or two separate persons), composition of the board (number of non-executive directors), board committees (details of the audit, remuneration and nomination committees) board size (no of directors) and board meeting (no of meetings). Performance data used in the study were return on investment (ROE), and return on assets (ROA).

g) *Data analysis method*

Preliminary analysis of the data was carried out for the years 2006, 2007, 2008, 2009 and 2010. At this stage, firms with missing information were excluded from the study to test the relationships suggested in the hypotheses stated in the conceptual framework, the SPSS statistical program was employed. The analysis included descriptive statistics, Spearman's correlation, and regression analysis.

V. RESULTS AND ANALYSIS

a) *Correlation analysis*

Table 3. Presents Spearman's correlation for all the variables in the study. It examined the association between the corporate governance variables and firm performance variables. Overall, the correlations were low. But there are a number of statistically significant relationships.

Further, there is a significant relationship between corporate governance dimensions as composition of board, board committee, board size, board meeting, and firm performance.

And also all the correlation values are in the lowest level expect composition of board and firm performance.

Table 3 : Correlation matri

		COB	BC	BZ	BM	FP
	Sig. (2-tailed)
COB	Pearson Correlation	1	.000	.671*	-.657*	.077
	Sig. (2-tailed)		1.000	.024	.028	.002
BC	Pearson Correlation	.000	1	.289	-.122	.470
	Sig. (2-tailed)			.389	.721	.05
BZ	Pearson Correlation	.671*	.289	1	-.744**	.321
	Sig. (2-tailed)	.024	.389		.009	.005
BM	Pearson Correlation	-.657*	-.122	-.744**	1	.029
	Sig. (2-tailed)	.028	.721	.009		.003
FP	Pearson Correlation	.077	.470	.321	.029	1
	Sig. (2-tailed)	.002	.05	.005	.003	

a. Cannot be computed because at least one of the variables is constant.

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

WHERE:

LS : LEADERSHIP STYLE

COB: COMPOSITION OF BOARD

BC: BOARD COMMITTEE

BZ: BOARD SIZE

BM: BOARD MEETING

FP: FIRM PERFORMANVCE

b) *Regression Analysis*

The purpose of regression analysis is to find out the significant impact or influence of independent variable on dependent variable. In this study, corporate

governance is considered as independent variable or predictor variable, and the firm performance is considered as dependent variable.

Table 4 : Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.616 ^a	.480	.203	3.39541

a. Predictors: (Constant), BOARD MEETING, BOARD COMMITTEE, COMPOSITION OF BOARD, BOARD SIZE

Table 5 : Anova table in Regression analysis

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	42.397	4	10.599	9.19	.000
	Residual	69.173	6	11.529		
	Total	111.570	10			

a. Predictors: (Constant), BOARD MEETING, BOARD COMMITTEE, COMPOSITION OF BOARD, BOARD SIZE

b. Dependent Variable: FIRM PERFORMANCE

Table 6 : Coefficients table in the Regression analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	63.750	28.359		2.248	.066
	COMPOSITION OF BOARD	.037	.579	.330	.064	.001
	BOARD COMMITTEE	2.326	2.237	.364	1.040	.008
	BOARD SIZE	1.648	1.534	.595	1.074	.905
	BOARD MEETING	1.391	1.322	.536	1.053	.003

a. Dependent Variable: FIRM PERFORMANCE

According to the Table 4. Model Summary, Adjusted R square is 0.203. It means that there is a 20.3 % of the impact of the independent variable (corporate governance) on the dependent variable (firm performance). From the table 5. Anova table in the regression analysis, Significant P value is 0.000. It is less than the significant level 0.05. Therefore, we can conclude that 20.3 % of the impact is in the significant level.

From the Table. 6. Coefficients table in the Regression analysis, Beta value between firm performance and other predictor variables as composition of board, board committee, board size, board meeting, is 0.330, 0.364, 0.595 and 0.536 respectively. These are in significant level, expect the board size. The P values of these dimensions are less than the 0.05 levels, expect the board size.

Finally, In terms of the Multiple Regression analysis, we can come to the conclusion that the predictor power of the corporate governance is in the weak level. The results of the regression analysis

summarized in above tables show that corporate governance contributes significantly to the firm performance (F= 9.19; P< 0.05) and predicts 20.3 percent of the variation found.

c) Hypotheses testing

Summary of the data analysis is given below through the hypotheses testing.

Table 7 : Hypotheses testing

NO	Hypotheses	Results	Tools
H1a	Separate leadership structure is positively associated with firm performance.	Rejected	Correlation
H1b	A majority of non-executive directors on the board is associated with firm performance.	Accepted	correlation
H1c	Boards committee structures composed of audit, remuneration and/or nomination committees are positively associated with firm performance.	Accepted	Correlation
H1d	Board size is associated with firm performance.	Accepted	Correlation
H1e H2	Board meeting is associated with firm performance There is a significant impact of corporate governance on the firm performance	Accepted Accepted	Correlation Regression

Note : All are significant at 0.05 levels.

VI. RECOMMENDATIONS AND CONCLUSION

This study proposed that the code of best practice should include the boards to have at least fifty percent of non-executive directors, not one third as stated in the code. It was also proposed to select the directors from a register kept by the institute of directors. In order to have a clear understanding of the risk, and manage the risks identified in a satisfactory manner, it was proposed to appoint risk management committees. Lastly, as a result of the importance of accountability to other stakeholders, this study recommended the inclusion of interests of other stakeholders in the code of best practice, which would result in share prices responding to CSR practices of firms in Sri Lanka.

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Impact of Interest Rate Policy and Performance of Deposit Money Banks in Nigerian

By Newman Enyioko

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Abstract - The current credit crisis and the transatlantic mortgage financial turmoil have questioned the effectiveness of bank consolidation programme as a remedy for financial stability and monetary policy in correcting the defects in the financial sector for sustainable development. Many banks consolidation had taken place in Europe, America and Asia in the last two decades without any solutions in sight to bank failures and crisis. The study attempts to examine the performances of banks and macro-economic performance in Nigeria based on the interest rate policies of the banks. The study analyses published audited accounts of twenty (20) out of twenty-five (25) banks that emerged from the consolidation exercise and data from the Central Banks of Nigeria (CBN). We denote year 2004 as the pre-consolidation and 2005 and 2006 as post-consolidation periods for our analysis. We notice that the interest rate policies have not improved the overall performances of banks significantly and also have contributed marginally to the growth of the economy for sustainable development.

GJMBR-B Classification: JEL Code: O23'



Strictly as per the compliance and regulations of :



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Abstract - The current credit crisis and the transatlantic mortgage financial turmoil have questioned the effectiveness of bank consolidation programme as a remedy for financial stability and monetary policy in correcting the defects in the financial sector for sustainable development. Many banks consolidation had taken place in Europe, America and Asia in the last two decades without any solutions in sight to bank failures and crisis. The study attempts to examine the performances of banks and macro-economic performance in Nigeria based on the interest rate policies of the banks. The study analyses published audited accounts of twenty (20) out of twenty-five (25) banks that emerged from the consolidation exercise and data from the Central Banks of Nigeria (CBN). We denote year 2004 as the pre-consolidation and 2005 and 2006 as post-consolidation periods for our analysis. We notice that the interest rate policies have not improved the overall performances of banks significantly and also have contributed marginally to the growth of the economy for sustainable development. The study concludes that banking sector is becoming competitive and market forces are creating an atmosphere where many banks simply cannot afford to have weak balance sheets and inadequate corporate governance. The study posits further that consolidation of banks may not necessarily be a sufficient tool for financial stability for sustainable development and this confirms Megginson (2005) and Somoye (2006) postulations. We recommend that bank interest rate policy in the financial market must be market driven to allow for efficient process. The study posits further that researchers should begin to develop a new framework for financial market stability as opposed to banking interest rate policy.

I. INTRODUCTION

The impact of consolidation on bank structure has been obvious, while its impact on bank performance has been harder to discern. The Government policy-promoted bank consolidation rather than market mechanism has been the process adopted by most developing or emerging economies and the time lag of the bank consolidation varies from nation to nation. Banking sector reforms are part of monetary policy instruments for effective monetary systems and major shifts in monetary policy transmission mechanisms in the last decade in both developed and developing nations. The banking sector in emerging economies has witnessed major changes to compete, attract international investment and increase capital

market growth. There are as many reasons and strategies for bank consolidation as there are banking jurisdictions. When the opportunities in the operating environment for banks, either within the boundaries of a country, an economic zone or geographical sphere, become amenable only to consolidated institutions, there is a tendency for market-induced consolidation. Many cases of bank consolidation that have been recorded to date in the modern history of banking are of this kind, and ready examples are the European and American bank mergers and acquisitions of the 1980s and 1990s. Market-induced consolidation normally holds out promises of scale economics, gains in operational efficiency, profitability improvement and resources maximization. The outcomes have however, not totally confirmed these supposed benefits and they have varied across jurisdictions, especially when compared with the particular pre-consolidation expectations.

A new view is that bank mergers are not just about adjusting inputs to affect costs; rather, they also involve adjusting output (product) mixes to enhance revenues. Two research efforts taking this approach are Akhavein, et al. (1997), covering mergers in the 1980s, and Berger (1998), covering mergers in the 1990s. These studies find that bank mergers do tend to be associated with improvements in overall performance, in part, because banks achieve higher valued output mixes. While these studies do not track all of the channels through which bank mergers affect the value of output, they suggest that one channel has been banks' shift towards higher yielding loans and away from securities. This channel is particularly interesting given the other results in these studies. They find that merged banks also tend to experience a lowering of their cost of borrowed funds without needing to increase capital ratios. The lower cost of funds is consistent with a decline in the overall risk of the combined bank compared to that of the merger partners taken separately. This apparently occurs even though a shift to loans by itself might be expected to increase risk. One interpretation of these results, then, is that a merger can result in a reduction in some dimensions of risk, which then affords the post-merger bank more latitude to shift to a higher return, though perhaps higher risk but output mix. The sources of diversification could be differences

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in the range of services, the portfolio mixes, or the regions served by the merging banks.

The objective of the study is to review the effectiveness of bank interest rate policy and bank deposits (performance) in the economy.

II. LITERATURE REVIEW

a) *The Evolution of the Nigerian Banking Sector*

The banking operation began in Nigeria in 1892 under the control of the expatriates and by 1945, some Nigerians and Africans had established their own banks. The first era of interest rate ever recorded in Nigeria banking industry was between 1959-1969. This was occasioned by bank failures during 1953- 1959 due mainly to liquidity of banks. Banks, then, do not have enough liquid assets to meet customers demand. There was no well-organized financial system with enough financial instruments to invest in. Hence, banks merely invested in real assets which could not be easily realized to cash without loss of value in times of need. This prompted the Federal Government then, backed by the World Bank Report to institute the Loynes commission on September 1958. The outcome was the promulgation of the ordinance of 1958, which established the Central Bank of Nigeria (CBN). The year 1959 was remarkable in the Nigeria Banking history not only because of the establishment of Central Bank Nigeria(CBN) but that the Treasury Bill Ordinance was enacted which led to the issuance of our first treasury bills in April, 1960. The period (1959–1969) marked the establishment of formal money, capital markets and portfolio management in Nigeria. In addition, the company acts of 1968 were established. This period could be said to be the genesis of serious banking regulation in Nigeria. With the CBN in operation, the minimum paid-up capital was set at N400,000(USD\$480,000) in 1958. By January 2001, banking sector was fully deregulated with the adoption of universal banking system in Nigeria which merged merchant bank operation to commercial banks system preparatory towards interest rate programme in 2004. In the '90s proliferation of banks, which also resulted in the failure of many of them, led to another recapitalization exercise that saw bank's capital being increased to N500million (USD\$5.88) and subsequently N2billion (US\$0.0166 billion) on 4th 2004 with the institution of a 13-point reform agenda aimed at addressing the fragile nature of the banking system, stop the boom and burst cycle that characterized the sector and evolve a banking system that not only could serve the Nigeria economy, but also the regional economy. The agenda by the monetary authorities is also agenda to consolidate the Nigeria banks and make them capable of playing in international financial system. However, there appears to be deliverance between the state of the banking industry in Nigeria vis-à-vis the vision of the government and regulatory authorities for the industry. This, in the main,

was the reason for the policy of mandatory interest rate, which was not open to dialogue and its components also seemed cast in concrete. In terms of number of banks and minimum paid-up-capital, between 1952-1978, the banking sector recorded forty-five (45) banks with varying minimum paid-up capital for merchant and commercial banks. The number of banks increased to fifty-four (54) between 1979-1987. The number of banks rose to one hundred and twelve (112) between 1988 to 1996 with substantial varying increase in the minimum capital. The number of banks dropped to one hundred and ten (110) with another increase in minimum paid-up capital and finally dropped to twenty-five in 2006 with a big increase in minimum paid-up capital from N2billion (USD\$0.0166billion) in January 2004, to N25billion (USD\$0.2billion) in July 2004.

Prior to the major policy shift by the Central Bank of Nigeria (CBN), Nigerian banking experienced a steady increase in the number of distressed deposit-money banks, i.e those rated by the CBN as marginal or unsound. This created the fear that Nigerian banking could be heading towards systematic distress. The marginal and unsound banks increased in number from seventeen (17) in 2001 to twenty three (23) in 2002 and 2003, and then twenty-seven (27) in 2004 representing thirty (30) per cent of the operating banks in the system. This figure rose to seventeen(17) per cent only three years earlier. It can be argued that sudden monetary policy shifts was partially responsible for the increase in the number of marginal and unsound banks in 2004 (see Table II). The corollary is that the institutions concerned have had inherent and deep-seated weakness that the policy shift exposes, and no matter what, they would have eventually become distressed. Goldfeld and Chandler (1981); and Somoye (2006) opined that any policy shift must be consistent with market framework if the objective of the policy is to be achieved. They decomposed the total lag between the need for policy and the final effect of policy into four parts. First, *recognition effect*, which refers to the elapsed time between the actual need for a policy action and the realisation that such a need, has occurred. Second, the *policy lag*, which refers to the period of time it takes to produce a new policy after the need for a change in policy must have been recognised. Third, *outside lag*, which is beyond the comprehension of policy, refers to the period of time that elapses between the policy change and its effect on the economy. This lag arises because individual decision makers in the economy will take time to adjust to the new economic condition. Decision of this nature must conform to monetary policy norms if it is to achieve its desired objective. Fourth, *cultural lag*, which measures the banking culture responsiveness to policy change in a predominantly poor banking habit population. In the developing nation, banking culture is still primitive and

any changes that may affect their culture take a great deal of education. They concluded that the effect of policy change which could have been distributed over time and its impact felt was jettisoned. Such omission may bring negative cost to the economy. For instance, Goldfeld and Chandler (1981) stated that monetary policy, though affects the economy less directly, will have a longer outside lag and that monetary policy tends to influence investment, and the lags in the physical process of building plants and machinery are undoubtedly longer than the lags in producing consumer goods. Therefore, the longer outside lag of monetary policy must be balanced against the shorter policy lag in deciding the optimal policy mix.

b) Monetary Control Techniques and Interest Rates Structure

Prior to SAP and immediate post SAP, monetary management relied on direct controls of reserves and interest rates structure of banks. However, in 1993, an important reform of the monetary management strategies was the introduction of open market operations (OMO). OMO became the dominant instrument of liquidity management complimented by reserve requirements and discount window operations. Unfortunately, the new approach was yet to find its footing when macroeconomic management returned to an era of regulation by 1994-1998. Irrespective of the market fundamentals, the monetary authorities pegged minimum rediscount rates at 13.5 per cent, as well as specified interest rates limits to not more than 21 percent for lending rates, while the spread between savings and lending rates was expected not be more than 7.5 per cent.

As it turned, the introduction of OMO followed by a return to interest rates control opened up another investment portfolio to the commercial banks. This manifested mainly in the new opportunity offered the savings public to diversify their portfolio investments from traditional savings and the stock markets into money markets. The banks were also offered the opportunity to diversify from traditional credit purveys, and foreign exchange markets transactions to trading in money market instruments especially treasury bills and repos transactions at the OMO. Table 3 shows that the yield rates on OMO and treasury bills transactions were comparatively more attractive than savings rate, while the alternative investment portfolio which would require borrowing to meet working capital requirement were priced out of the profitability threshold of the investing public. While low savings rate encouraged holders of idle cash balances to invest in money market instruments, it also encouraged financial institutions to shy away from the more risky lending portfolio and its associated high transactions costs to the relatively safe portfolio with little or no costs, with the guarantee of very

good returns. In the face of credit apathy, financial sector operators found investment in foreign exchange and public debts instruments especially treasury bills very lucrative as the returns on them moved in tandem with the MRR. Thus, the policy created a dilemma in the form of tradeoff costs reflected in the arbitrage gains for speculators in the financial markets. Ironically, rather than serve as a penalty rate for borrowing from the central bank, the attractive treasury bills rate which followed the rise in MRR, saw the central bank borrowing from the banks and the public as part of its monetary control functions. Such funds were sterilized but which upon maturity the central bank was duty bound to pay the interest rates accrual, probably via the creation of high powered money with adverse implications for inflationary control. One may argue that if the CBN issued the debt instruments in favour of the government that the burden of debt service should be borne by it. Unfortunately, during this period, fiscal authorities were known to resort to ways and means advances far above the permissible limits, and which were usually written off at the end of the day. The changes in the structure of treasury bills holdings attested to this. Prior to the commencement of SAP, CBN accounted for a significant proportion of the treasury bills outstanding. However, with the sharp rise in treasury bills rate, the situation changed, with the deposit money banks and the public now accounting for the major share. The shift in investment portfolio of the banks to this segment of the markets is quite rational. Indeed, the banks ceased the opportunity of the permissive financial operating environment to mobilize funds cheap, and invest in relatively secure instruments. Also, their liability structure attested to this. The main sources of fund are demand deposits, time, savings and foreign deposits, central government deposits reserve accounts and unclassified liabilities. While the costs of funds from demand deposits, reserve accounts, and central government deposits is known to be very low, that of savings deposits have been seen to also be low in recent time. Indeed, less than 30 per cent of their funds are mobilized from the more expensive sources. The point to be made is that a significant proportion of their investible funds are sourced cheap, but are channelled into secure portfolios (money market instruments). One is not surprised that since 1999 that the financial institutions that survived the distress emerged to become very sound and have had outstanding record of profitability, derived mainly from the defective interest rate structures.

III. METHODS

This study used the regression and correction methods to analyze the relationship between interest rates and bank performance. The framework for the

study has its basis on the Keynesian and endogenous growth models.

IV. RESULTS

Table 1 : Nigeria: State of the Banking Industry

Category	2001	2002	2003	2004	2005	2006
Sound	10	13	11	10	25	10
Satisfactory	63	54	53	51	- 5	
Marginal	8	13	14	16	- 5	
Unsound	9	10	9	10	- 5	

Sources : CBN Publication (2006)

However, from Table I, the reason that may advance for the present poor state of the Nigeria banking industry after interest rate could be viewed from the perspective of wrong planning. Interest rate through merger and acquisition and or buy-out requires assets clarification and cleansing of the balance sheets in a situation where unsound banks merge with sound banks. Therefore, strengthening the balance sheet is imperative for those who seek to be acquired and those who are in pursuit of expansion. Banks that are unable to show financial stability through their balance sheets

are likely to perish in an increasingly competitive industry as amplified by Shiratori (2002); Okazaki and Sawada (2003); Somoye (2006) and Michiru and Sawada (2003). Shih (2003) points out the possibility that credit risk could increase in the event of a sound bank merging with an unsound one. Also, most of empirical literature suggests that bank interest rates do not significantly improve the performance and efficiency of the participant banks Berger *et al* (1999), and Amel, D; C. Barnes, F. Panetta and C. Salleo (2002). They concluded that if a voluntary interest rate does not enhance the performance of the participating banks, any performance enhancing effect of the interest rate promoted by the government policy is more questionable.

a) Regression Results

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.212 ^a	.045	.009	5.77386

a. Predictors : (Constant), Bank Performance

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	42.233	1	42.233	1.267	.270 ^a
	Residual	900.111	27	33.337		
	Total	942.344	28			

a. Predictors: (Constant), Bank Performance

b. Dependent Variable: Interest Rate

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Interest Rate)	16.605	1.436		11.565	.000
	Bank Performance	.020	.018	.212	1.126	.270

a. Dependent Variable: Interest Rate

The results indicate that there is significant relationship between interest rates and bank performance as the t value for the interest rate is 11.565. However the model did show statistical significance with reference to the impact of interest rates policy on the economy because f – statistic is 1.267.

b) Performance of the Banks

The profit efficiency/asset utilization has not been impressive. Although the banks have been able to double their gross earnings from their pre interest rate performance level, their profit and asset utilization

efficiencies have declined since the conclusion of the interest rate. For instance, the industry return on equity declined from 35.28 per cent in 2004 to 11.12 per cent in 2006, while return on asset declined from 8.37 per cent to 2.09 per cent over the same period. The asset utilization ratio also declined; while an average bank was able to earn 34 kobo for every N1.0 asset in 2004, this declined to 11kobo in 2006. Thus, while the interest rate industry in terms of asset size, deposit base and capital adequacy, the profit efficiency has not been impressive. The banks will need to become more efficient in terms of their ability to generate enough return to justify the

increase in the equity base as well as the resources put at their disposals by their stakeholders. The lending capacity of the banks improved significantly as a result of the interest rate. As at 2004, an average bank could only lend about N14,37. billion. Whereas, the interest rate strengthen the bank where a typical bank in Nigeria in 2006 could lend an average of N80.788 billion. This represents a growth of 462.13 percent growth.

c) *Banking Sector and the Economy*

We analyse the role of the commercial banking sector relative to the economy. This is to enables us appreciate whether the banking industry will assume any appreciable level importance in the aggregate economy as a result of interest rate. From Table III, the assets of commercial banks which stood at 32.89 per cent of the GDP in 2004 rose marginally to 35.43 per cent in 2006. The degree of private sector credit has been suggested to be a better indicator of bank contribution to private investment. In 2004, commercial banks channeled 24.08 per cent of their lending to the non-bank private sector, but this declined to 22.47 per cent by 2006. Likewise, the value of commercial bank credit relative to the GDP which was 2.73 per cent in 2004 rose marginally to 2.91 percent in 2006. There has not been any appreciable growth in terms of the growth in credit to the private sector because the commercial bank credit which has a growth rate of 26.6 percent between 2003 and 2004, grew marginally to 30.8 percent in 2005 and declined to 27.82 percent a year after the interest rate. This confirms the views of Craig and Hardee (2004). In terms of price stability, the level inflation increased from 10.0 percent in 2004- a pre-interest rate period to 12.0 per cent, a post interest rate.

The analysis suggests that banking sector has not shown a serious response of being able to meet monetary policy expectation. The relative performance of the banking size in terms of asset size, private sector credit, relative to the economy have been very marginal such that it can be safely concluded that the interest rate exercise has not brought about any meaningful contribution with respect to some of these performance indicators.

d) *Banking Sector and the Capital Market*

The market capitalization of quoted banks was 34.41 per cent of total market capitalization of the Nigerian Stock Exchange (NSE) in 2004, but rose significantly to 41.80 percent in 2005 and renamed at 41.84 per cent by 2006. The NSE market capitalization grew by 160.70 per cent between 2004 and 2006, whereas, the banking sector market capitalization grew by 223.33 per cent over the same period. In fact, about 46.32 per cent of the total growth in market capitalization came from the growth in banking sector market capitalization. This, from the capital market perspective, indicates that the banking sector has made a significant

contribution, and it has further improved the value and liquidity of the Nigerian capital market.

V. CONCLUSION AND RECOMMENDATION

The study has reviewed the Interest Rate Policy and Performance of Deposit Money Banks in Nigeria (1980-2009). We notice that there seems to be a presumption that the reform in the banking sector is all that is required to fix the economy. The idea underlying the interest rate policy is that bank interest rate would reduce the insolvency risk through asset diversification. We noted that there is the possibility that credit risk could increase in the event a sound bank merging with an unsound one and that bank interest rates do not significantly improve the performance and efficiency of the participant banks. Thus, strengthening of the balance sheet is imperative to those who seek to be acquired and those who are in pursuit of expansion to avoid bank failure. It is equally noted that interest rate programme through merger and acquisition require time-frame. The study concludes that banking sector is becoming competitive and market forces are creating an atmosphere where many banks simply cannot afford to have weak balance sheets and inadequate corporate governance. The study posits that interest rate of banks may not necessarily be a sufficient tool for financial stability for sustainable development and this confirms Megginson (2005) and Somoye (2006) postulations. The study recommends that bank interest rate in the financial market must be market driven to allow for efficient process. The study further recommends that researchers should begin to develop a new framework for financial market stability as opposed to banking interest rate policy.

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APPENDIX 1

Table 2 : Interest Rate Policy and Performance of Deposit Money Banks in Nigeria (1980-2009)

Date	Lending Rate	Banks performance Index
1980	8.432	0.88
1981	8.917	1.03
1982	9.538	1.1
1983	9.977	1.53
1984	10.24	1.87
1985	9.433	1.89
1986	9.959	2.15
1987	13.96	2.36
1988	16.62	3.80
1989	20.44	5.50
1990	25.3	5.70
1991	20.04	7.00
1992	24.76	10.42
1993	31.65	16.80
1994	20.48	29.70
1995	20.23	45.03
1996	19.84	51.47
1997	17.8	56.73
1998	18.18	63.49
1999	20.29	63.63
2000	21.27	72.87
2001	23.44	84.90
2002	24.77	95.20
2003	20.71	117.90
2004	19.18	129.70
2005	17.95	144.70
2006	16.9	157.10
2007	16.94	167.40
2008	15.48	211.59
2009	-	258.72

Source : CBN Bulletins 2007, 2008 and 3009

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Service of Notice in Public Land Acquisition and Tenancy in Abuja, Nigeria: A Tool for National Peace

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Keywords : notice, government, landlord, tenant, nigeria.

GJMBR-A Classification: JEL Code: P43



Strictly as per the compliance and regulations of :



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Mrs. N. Iroaganachi^α & Y. L. Gambo^σ

Abstract - It is common parlance that a cordial relationship ought to be fostered and maintained by both government and the citizenry on one hand, and landlords and tenants on the other. The study examined the issues involved in service of notice by government agencies and landlords to land owners in the case of compulsory acquisition and tenants. The study employed the use of simple statistical percentages to analyse 800 questionnaires from Abuja Municipal Area Council (AMAC) and 95 questionnaires from both Federal Capital Development Authority (FCDA) and Federal Ministry of Lands and Surveys. The study unveiled a notorious fact that the Nation is full of unsatisfied citizens and often experiences lack of peace especially with regard to public land acquisition. It was also found that the problem associated with this exercise by Government is the improper service of notice on most occasions. The study recommends among other things that Government should periodically carry out public orientation and enlightenment programme on matters relating to her need for land and the necessity of public land acquisition; and also the law relating to the service of notice be reviewed forthwith to provide for personal service as the main form of service after which other methods like going to traditional rulers and publication in Government Gazettes could be resorted to

Keywords : notice, government, landlord, tenant, nigeria.

I. INTRODUCTION

In ordinary parlance, notice can be said to be the ability to make a person or group aware of a particular occurrence or state of affairs. Service of notice is usually an instrument employed by the law courts, registry officers, government agencies, landlords, etc. to bring either a proposed compulsory land acquisition by government repossession of private property or other things to the notice of concerned persons.

The manner a notice is served is huge when regard is had to the fact that land is held sacred and sensitive by most people and any attempt to repossess or dispossess same is viewed with so much passion and especially in Africa is not properly handled could lead to loss of lives, properties and even riots especially where a group or community is affected.

The incessant crises being experienced today as a result of lack of proper notice or improper service

there of among dispossessed persons would greatly reduce if a reappraisal is done on the service of notice while positioning it as a panacea and an instrument that can be used under the Land Laws of the state to usher in the needed peace in the nations.

Hornby (1982) defined a landlord as a person who has tenants or lodgers, one who owned an inn. Also, a person entitled to the immediate reversion of the premises or if the property is held in joint tenancy, any of the persons entitled to the immediate reversion above definition will ordinarily include the agent or attorney of any person so entitled.

The various Recovery of Premises Laws of States in Nigeria contain very similar definition of a tenant. For instance, Sec 16 (1) of the Recovery of Premises Laws of both Plateau and Bauchi States and Sec 40 (1) of the Lagos State Rent Control Law defined a tenant as "any person occupying premises whether on payment of rent occupying premises under a bonafide claim of ownership. It is pertinent to note that the Recovery of Premises Act, Chapter 544, Laws of Federation of Nigeria (Abuja), 1990 gave an exact definition of a tenant as stated above in its Section 2.

Similarly, the aforementioned Recovery of Premises Act defined *landlord* in its interpretative Section to be "the person entitled to the immediate reversion of the premises or if the property therein is held in joint tenancy in common, any of the persons entitled to the immediate reversion, and includes the attorney or agent of the landlord, and also any person appointed to act on behalf of the State in dealing with any land, building, premises or corporeal or incorporeal hereditament vested in the state."

From this definition, the state can be said to be a landlord as Section 1 of the Land Use Act vested the land in Nigeria upon the State.

In other words, a person who occupies premises with the grantor retaining reversionary rights to such premises is a tenant. On the other hand, and as was rightly opined by Male (1995), a tenancy is an agreement between the parties whereby in consideration of rent, the performance and observance of tenants covenants, a landlord grants a term of years in a demised premises to a tenant expected to pay rent in a manner stipulated in the agreement.

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Conversely, both the Public Land Acquisition Act (cap 167) of 1917 and the Public Land Acquisition (Miscellaneous Provision Decree No. 33) of 1976 made elaborate provisions to the effect that the Government has the power to acquire privately owned land or properties compulsorily with the payment of compensation. They also specified that notice of such be given to the persons whose land are sought to be acquired.

Uduehi (1987) succinctly opined that compulsory acquisition by Government as specified under Section 28 of the Land Use Act can only be done for overriding public interest, which be defined as any interest of any Government or its agency on land privately owned for the purpose of development or social services.

For Government and its agencies to effectively exercise their power as stated above to appropriate property or land for public use, service of notice ought to be properly conducted. This will serve to remove any misgiving, distrust or grievance that often times attend the exercise.

It is an arguable fact that the relationship between the Government and the citizens whose land are to be compulsory acquired are not cordial. Most often, the citizens become aggrieved with the manner in which such exercise is kick-started and eventually carried out. Chief among the complaints is one of improper or inadequate notice.

Similarly, what exists between the landlords and their tenants can best be described as mutual distrust which is characterised by failure to give notice in its prescribed form. This may be due to ignorance on the part of the parties or mischief.

This study seeks to examine the complex issues arising from improper service of notice by land lords and in some instances government or its agency. The study sought to show that proper service of notice is a panacea to these problems.

II. NOTICES TO QUIT AND OF INTENTION TO RECOVER POSSESSION BY LANDLORD

It is worthy to note that the various Laws regulating the recovering of premises by landlords in the Federation of Nigeria made almost identical provisions in relation to the requirement of notice and related issues. For an instance, a verbatim reproduction is observed in the length of notice to be given and the expiry thereof. The work will therefore concentrate on the provisions of the Recovery of Premises Act, Laws of the Federation, Abuja (1990) (hereinafter referred to the Recovery of Premises Act) and those of the Rent Control and Recovery of Residential Premises Law, Laws of Lagos State, 2004 (hereinafter called Rent Control and Recovery of Premises Law). The two Law Provisions will represent a fair view of the other identical provisions on the subject.

The laws are unambiguous and express with regard to the subject of notice and the service thereof. Section 7 of the Recovery of Premises Act provided that:

“When and so soon as the term or interest of the tenant of any premises, held by him or far any term either with or without being liable to the payment of any rent, ends or is duly determined by a written notice to quit as in form B, C or D, whichever is applicable to the case, or is otherwise duly determined, and the tenant, or a person by whom the premises or any part thereof is actually occupied, neglects or refers to quit and deliver up possession of the premises or of such part thereof respectively, the landlord of the premises or his agent may cause the person so neglecting or refusing to quit and deliver up possessions to be served, in the manner hereinafter mentioned, with a written notice, as in Form E signed by the landlord or his agent, of the landlord’s intention to proceed to recover possession on a date not less than seven days from the date of service of the notice.”

Very similar provisions are contained in Section 13 of the Rent Control and Recovery of Premises Law, Lagos State. In other words, the landlord has a legal duty or obligation to give or serve notice on the tenant in order to quit the tenant from his property or to recover the possession of the said property.

This statutory requirement had been neglected or even misused by some unscrupulous landlords to the end that the tenants are aggrieved and sometimes refuses to deliver up possession and the duo often eventually end up in the law court where the already sour means relationship is made more bitter by the “win, myself means” attitude characterising proceedings in those courts.

Furthermore, Section 8 (1) of the Recovery of Premises Act provided for the length of notice in various circumstances when it stated that:

“Where there is no express stipulation as to the notice to be given by either party to determine the tenancy, the following periods if time shall be given:

- a) In the case of a tenancy at will or a weekly tenancy, a week’s notice;
- b) In the case of monthly tenancy, a month’s notice;
- c) In the case of a quarterly tenancy, a quarter’s notice;
- d) Subject to subsection (2) of this Section, in the case of a yearly tenancy, half a year’s notice.”

The subsection (2) referred to in 8 (1) (d) above, unambiguously provided that “in the case of a yearly tenancy, the tenancy shall not expire before the time when any crops growing on the land, the subject of the tenancy would in the ordinary course be taken, gathered, or reaped if such crops were crops, which are normally reaped within one year of planting and such

planting was done by the tenant prior to the giving of the notice.

Worthy of note is the fact that Sec 13, 14 and 15 of the Rent Control and Recovery of Premises Law is an exact replica or repetition of the provisions of Section 7, 8 and 9 of the Recovery of Premises Act and similar provisions exists in the Recovery of Premises Acts of the various other states of Nigeria.

A lot of disquiet has been experienced as is evidenced by the high volume of cases brought before the various levels of courts and tribunals in recent times. Most landlords, especially those that manage their properties without the help of designated professionals tend to give less than the prescribed notices to tenants. More so, the manner in which these notices are served leaves much to be desired.

Although, the Law relating to notice and its service had been made express, in practice however, it has been a tool in the hands of cunning landlords to exploit and inflict emotional and other hurts upon the tenants. The first part of Section 8 made the tenants very vulnerable as it did not take into cognisance the fact that most tenants pay the agreed rent and even take up possession of the land long before any so-called "express stipulations as to the notice to be given" is brought to their notice.

The tenant, having paid up rent and taken possession before being presented with a tenancy agreement makes a mockery as it were, on the assumption that there was indeed any agreement between the landlord and the tenants with regard to notice and the service there of.

The above notwithstanding, even when there seem to be no express stipulations to the contrary by any agreement existing between the parties, the statutory stipulations gets at its best a mere lip-service by the parties. In fact, most landlords ignorantly believed that the Government have no right to give him directives as to the nature of notice to give to tenants in his own property and since most tenants are also ignorant of the stipulating by statute with regard to notices and their services, they condone and sometimes tolerate discrepancies on the part of the landlords. Sometimes, this causes tension and fights between the families of landlords and tenants.

Sometimes, a month's notice is given to a yearly tenant who ordinarily requires a six-month notice, while at other times; a 4-day to 7-day notice is given to quarterly or monthly tenants. Aside from the above the service of this notices also form a subject of great concern and had been done in such a way as to illicit bitterness, quarrels and general lack of peace.

The various Acts are silent on the issue of the service of these stipulated notices. Most landlords who act for themselves give notices verbally. Sometimes, they hand over written notices to infant relatives or other

persons who may not be credible enough to accept the service. There have been cases as revealed from the field work and questionnaire collected for the work that visitors', children and even adverse neighbours have been served quit notices or notice of intention to proceed to court to recover possession by some landlords. The resultant effect was trouble and lack of peace between persons who ordinarily had amicably entered into a relationship through tenancy. The tenants who eventually leave the land very bitter due to the unfair treatment through the notice and its service may likely do the same, if not worse on his own tenants when he eventually becomes a landlord. Landlords testified of ill treatment by their landlords when they were tenants in the past.

Similarly, although the Recovery of Premises Act in its 9th Section stipulated that "notices given shall not be effective if the time between the giving of the notice and the time when the tenancy is to be determined is less than the respective periods set out in Section 8 of the Act." It is imperative to observe that influential landlords get away with the flouting of this law and the inadequate notices are adjudged to be effective for reasons which bother on corruption and inequality before the law. The Nigerian Constitution is clear on the fact that the rule of law is supreme and is to be respected and no discrimination or exemption should be tolerated by Government through its arms. However, the reverse is the case in practice as some landlords do not abide by the stipulations of the law with regard to notices.

a) *Notice under Public Land Acquisition*

For avoidance of doubt and to avoid repetition, it is pertinent to state that the Public Lands Acquisition Law Cap 105, Laws of Western Region of Nigeria 1959 is the exact replica of those of other regions in Nigeria including the Federal Capital, Abuja. Therefore, same shall be referred to exclusively to represent the rest of the laws of the federation. These laws only defer from each other in nomenclature and form whereas the substances are identical.

Section 5 and 9 (1) of the said Public Lands Acquisition Law, which directly relates to notice and services thereof reads as follows

"5. Whenever the governor resolves that any lands are required for a public purpose, he shall give notice to the persons or to the person entitled by the law to sell or convey the same or to such of them as shall after reasonable inquiry be known to him (which notice may be as in Form A in the schedule or to the like effect)." 9 (1). Every notice under Sections 5 and 8, shall either be served personally on the persons to be served or left at their last usual place of abode or business, if any such place can after reasonable inquiry be found, and in case any such parties

shall be absent from Nigeria or if such parties or their last usual place of abode or business after reasonable inquiry cannot be found, such notice shall be left with the occupier or such lands, or if there be no such occupier shall be affixed upon some conspicuous part of such lands.”

The Governor or designated person (s) acting for him and the President or Minister of Federal Capital Territory has a legal duty to give notice before acquiring land for public purposes from individuals or groups in a prescribed form (Section 5 and 8 respectively). The problem comes with the service of such notice as the law did not make personal service mandatory.

In fact, substituted and other forms of service are permitted from the provisions of Sec 9 (7) above.

A careful evaluation of what obtains in practice is a rude shock to any advocate of national peace as it is a continued source of agitations and disquiet. Government agencies often opt out for the easier way out by using substituted service to wit; affixing in conspicuous part of the land or in the last known address of the person (s). The question that arises is to find out how many people often leave a forwarding address at their last residence or periodically go back there to check for mails etcetera? More so, the lands are usually owned by several individuals who hold separate titles, while some are situated right into the woods, hindering the owners from being aware of any fixtures by the Government or their agents. Also, the phrase “be affixed upon some conspicuous part of such lands” is very precarious and makes it easy to Government to avoid liability as they often claim they had done so even when the land is quite large and the several owners were likely to be ignorant of the intention of Government as they may never see the notice. Other factors like weather conditions could remove such notices from their original place and put the land owners in a difficult position. Some of whom may adversely respond and subsequently react violently upon sighting ‘intruders’ in their land and a state of affairs contrary to peace and quiet may naturally resulting from this. Sometimes, the Government may deploy security personnel to the affected area especially if a group or an entire community is involved. On the other hand officials from the Lands Registry and other Government officers have faced harassments and mob-related actions upon their entry into such lands where proper notices were not served.

It is the view of this work that the current law be reviewed with regard to the service of notice to accommodate personnel service at all times. This can be achieved in view of recent technological developments available in this 21st Century.

b) Case Law Review

It is settled law that there should be a strict adherence to the issue of service of notice on land

owners or interested persons in compulsory acquisition of land in accordance with the express dictates of the law. In *Bello V Diocesan Synod of Lagos* (1973) All NLR 196, the court held that Section 9 of the Public Lands Acquisition Law confers extraordinary power of compulsory acquisition of the property of citizens and most therefore be construed strictly.

The above case was relied upon by the Court in *Obikoya and Sons Ltd. V Governor of Lagos State* (1989) 1 NWLR (Pt. 50) 385 to hold that the Government must first exhausted all other options before resorting to affixing the notice of intention to compulsorily acquire land on some conspicuous part of Land. It is worthy to note that in spite of the statutory and case law dictates to the contrary. Service of notice by Government had been done substitutionally even while the would-be dispossessed person’s address is known. For an instance, in *A. G. Bendel State V Aideyan* (1989) 4 NWLR (Pt 118) 646 at 678 and *Bello V Diocesan V Diocesan Synod*, the courts were of the opinion that where owners of properties were ascertainable and could be traced, the notice should be served on them personally. This they added must be done before publication in the Government Gazette.

The Court of Appeal also lend credence to the ongoing by its judgment in *Ibafan Co. Ltd. V Nigeria Ports Plc.* (2000) 8 NWLR (Pt. 667) 86 where it held that personal service of the notice is mandatory especially where the property owners are ascertainable.

The above notwithstanding, the Supreme Court of Nigeria in the recent case of *Okeowo V AG Ogun State* (2010) 16 NWLR (Pt 1219) 327 dismissed the appeal by the appellant who was contending that personal service to him should have been made instead of the notice of acquisition being pasted or affixed in portions of the eighty (80) square kilometres acquired land which included the court relied on the evidence of his land. Government official who claimed that the land acquired is a large expanse of eighty (80) kilometres and the appellants two parcels of land was part of it. Since there was no one living on the land on which notices could have been served, the Government had to resort to pasting of notice on parts of the eighty (80) kilometres land and subsequent publications in the Gazette. The court therefore held that in this case the service done was proper service.

From the above, it is trite law that substituted services are favoured even by the highest court of the land whenever personal service is difficult or impossible. The question that comes to mind is whether the Government have been made enough effort to solve the mystery behind non-identification of property owners especially using the available information technology. The re-certification exercise being carried out in various states and in the capital seems to be no match to the enormous problems caused by the lack of personal

service or neglect of it during compulsory acquisition of land. A tremendous positive impact and dramatic change will be brought about if Government fully embrace the required technology to ease accessibility of information and property owners in the face of public acquisition which will obviously result to more National peace.

III. RESEARCH METHOD

Both primary and secondary data sources were used in this work and purposive sampling technique was also adopted. The sampling areas include the 6 Local Government Areas in Abuja, the Federal Capital. It is hoped that these will produce a generalised result as uniformity had already been existing and established in the Laws and case Laws from different parts of the country.

Furthermore, for convenience, questionnaires relating to service of notice by landlords to tenants were administered both in the Abuja Municipal Area Council (AMAC) and in the 5 other Area Councils. However, those dealing primarily with service of notice for public land acquisition were administered mainly at the five (5) other Area Councils. The above stemmed from the difficulty of identifying the dispossessed persons within the AMAC.

A total number of one thousand, two hundred (1200) questionnaires were administered in the area forming the number of units while a total of eight hundred (800) questionnaires were retrieved as well as was found useful. -

The data collected was subsequently analysed using simple descriptive statistics and percentages.

IV. RESULTS AND DISCUSSION

Table 1 : Government Agencies responsible for Land Administration in Abuja Municipal Area Council (AMAC)

Number of Units	No of Questionnaire Administered	No. of Questionnaire Returned	Percentage (%)
<i>Federal Ministry of Lands & Survey</i>	50	45	52.90
<i>Federal Capital Devpt. Authority</i>	50	40	47.10
<i>Total</i>	<i>100</i>	<i>85</i>	<i>100.00</i>

Table1 shows government agencies responsible for land administration and public land acquisition service of notices in Abuja Municipal Area

Council. The responses got constitute 52.90% and 47.10% from the federal ministry of lands and survey and federal capital development authority respectively.

Table 2 : Distribution of Number of Units in the Area Councils

Number of Units	No of Questionnaire Administered	No. of Questionnaire Returned	Percentage (%)
Abuja Municipal Area Council	100	90	11.25
Abaji Area Council	200	150	18.75
Kwali Area Council	200	130	16.25
Kuje Area Council	200	150	18.75
Bwari Area Council	200	120	15.00
Gwagwalada Area Council	200	160	20.00
Total	1100	800	100.00

Table 3 : Staff Member involved in the Service of Notice for Public Land Acquisition

Option	No. of Respondent	Percentage (%)
Participated	65	76.50
Not Participated	20	23.50
<i>Total</i>	<i>85</i>	<i>100.00</i>

Table3 shows that most of the respondents have been involved in the service of notice and are therefore competent to proffer opinion on the subject. 76.50% have taken active part while 23.50% are aware of the process but had not participated in the service of process although they had participated in other aspects of public land acquisition.

Table 4 : Form of Service of Notice that is widely used in the Exercise of Public Land Acquisition

Option	No. of Respondent	Percentage (%)
Personal Service	15	17.70
Substituted Service e.g. affixing notice on trees etc.	70	82.30
Total	85	100.00

Table4 shows that substituted service takes precedence over personal service, which most land owners prefer but Government agents believe it is impossible most times to identify the persons and their addresses.

Table 5 : Level of Peacefulness after Substituted Service to the community

Option	No. of Respondent	Percentage (%)
Peaceful	20	23.50
Not Peaceful	60	70.60
Indifferent	5	5.90
Total	85	100.00

Table5 shows vividly that there is usually peaceful response will attend a personal service as the people will believe that the Government acknowledges and respects their claim over such land. disquiet, unrest and ill-feelings after the land owners are served by substituted methods. Therefore, a more

Table 6 : Level of Noticed Served to Tenants by Landlords for repossession

Option	No. of Respondent	Percentage (%)
Served Notice	650	81.20
Not Served Notice	150	18.80
Total	800	100.00

Table6 shows the extent to which tenants were served with notices in their respective neighbourhoods. It shows 81.20% were served with notice while 18.80% were surreptitiously dispossessed of their accommodation without serving them notice.

Table 7 : Level of Respondents satisfaction with the method of Service of Notice

Option	No. of Respondent	Percentage (%)
Satisfied	200	25.00
Unsatisfied	600	75.00
Total	800	100.00

From table7, it is obvious that several persons are dissatisfied and unhappy with method being used in the notices both by the Government and the landlords in dispossessing them of their land possession and enjoyment of right to use residential space.

V. CONCLUSION

Displacement of persons as a result of Government need for land and compulsory acquisition for an overriding public purpose has come to stay as a feature of modern governance. However, no stone should be left unturned in the bid to foster national peace. There is no doubting the fact that the exercise of public land acquisition illicit feelings of dissatisfaction and frustration on the land owners. Yet, a successful exercise is achievable with little or no rancour or disquiet if Government can adopt a more sensitive and humane method of service of notice and other processes.

Furthermore, the recent technological breakthrough in science can be adequately utilised thereby avoiding the unnecessary disquiet that usually follows such an exercise.

Similarly, if the landlords would embrace and adhere strictly to the dictates of the various laws relating to service of notice and not pay up-service to them, a new lease of life will be evident and more peace enjoyed.

VI. RECOMMENDATIONS

The following recommendations are made in the light of the discussion aimed at reducing and easing the current friction between the landlord and tenants on the one-hand and the Government and land owners on the other with regard to service of notices:

1. That the Government should periodically carry out public orientation and enlightenment programme on

- matters relating to her need for land and the necessity of public land acquisition.
2. That the law relating to the service of notice be reviewed forthwith to provide for personal service as the main form of service after which other methods like going to traditional rulers and publication in Government Gazettes could be resorted to.
 3. That the Government at various levels should embark on re-certification and re-record processes, which will involve updating personal data of land owners including their house addresses, phone numbers, e-mail and other addresses.
 4. That software and other programmes emanating from recent technologies are used for effective documentation, storage and retrieval of land-related issues. This will avoid the necessity of the current method of substituted services.
 5. That Government should prioritise and invest in manpower and capacity building especially in the parastatals and ministries that deal with land.
 6. That before exercising his right of re-entry for breach of covenant, the landlord should be made to abide by the express dictates of appropriate laws or Act and that actual personal notice be given to the tenant(s). Similarly, the landlord must first give personal notice to tenant(s) requiring remedy to any breach or seeking compensation before resorting to the law court.
 7. That the landlord be made to adhere strictly to the prescribed length of notice in all cases.
6. Abia and Anambra States Rent Control Edict, 1977. Bauchi State Rent Control and Recovery of Premises Edict 1977.
 7. Public Land Acquisition Act (Cap 167) 1917
 8. Public Land & Acquisition Law (Cap 105) Laws of Western Region of Nigeria, 1959.
 9. Public Land Acquisition (Miscellaneous Provisions Decree) No. 33, 1976.
 10. Recovery of Premises Act, Laws of the Federation, 1990.

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A Study on Customer Preference and Satisfaction towards Restaurant in Dehradun City

By Neha Joshi

Abstract - India is in the midst of the restaurant revolution. The revenues hotel and restaurant industry in yr.2006-2007 increase of nearly 22 %...The eating habits of people are changing; the style of cooking and the ingredients used increased the popularity of Indian food all throughout..... Indian food had experienced a tremendous change, people started following cooking style and adopted eating habit according to their religion. At present Indian food is recognized all over the country...service quality is an attitude or global judgment about the superiority of a service, industries must achieve a quality service the exceed customer, expectation .service quality determine an organization success or failure, the satisfaction is a function of consumer, experience and reaction to provide behavior during the service encounter. The level of satisfaction may be influence by various attitudes from internal, external factor.

The demand for food away from home is dramatically increasing. According to the 2003/04 Indian Household Economic Survey, the average weekly household expenditure on meals away from home increased from \$13.80 in 2000/01 to \$19.20 in 2003/04 (Ministry of Health, 2006). The growth of demand for food has prompted an expansion of the Indian foodservice industry. The national foodservice industry annual sales rose from \$3,176 million in 2002 to \$4,800 million in 2007- a nominal Growth of 51 percent.

GJMBR-C Classification: JEL Code: Q31



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A Study on Customer Preference and Satisfaction towards Restaurant in Dehradun City

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Abstract - India is in the midst of the restaurant revolution. The revenues hotel and restaurant industry in yr.2006-2007 increase of nearly 22 %...The eating habits of people are changing; the style of cooking and the ingredients used increased the popularity of Indian food all throughout..... Indian food had experienced a tremendous change, people started following cooking style and adopted eating habit according to their religion. At present Indian food is recognized all over the country...service quality is an attitude or global judgment about the superiority of a service, industries must achieve a quality service the exceed customer, expectation .service quality determine an organization success or failure, the satisfaction is a function of consumer, experience and reaction to provide behavior during the service encounter. The level of satisfaction may be influence by various attitudes from internal, external factor.

The demand for food away from home is dramatically increasing. According to the2003/04 Indian Household Economic Survey, the average weekly household expenditure on meals away from home increased from \$13.80 in 2000/01 to \$19.20 in 2003/04 (Ministry of Health, 2006). The growth of demand for food has prompted an expansion of the Indian foodservice industry. The national foodservice industry annual sales rose from \$3,176 million in 2002 to \$4,800 million in 2007- a nominal Growth of 51 percent. There was also an analogous trend from 2002 to 2006 in the increase of the number of food service outlets and employees from 8,368 to 10,681 and 59,700 to 78,540 respectively (Restaurant Association of India, 2007). The expansion of the number of foodservice outlets has lead to an intensely competitive foodservice industry in India (Restaurant Association of India, 2006).

This study aims to contribute to the limited research in this area and provide insight into the consumer decision-making process specifically for the India foodservice industry.

I. INTRODUCTION

E vans 2006. The Indian Food Market Monitoring Report 2002/03 showed an increasing trend for dining out as a result of higher incomes, an increase in the Dining out is an important part of the lifestyles Indian number of working women, changes in consumptions patterns, and changes in household size and composition (Nimmo-Bell Company Ltd, 2002 India are also facing the pressures of time, particularly in those households with women in the workforce (Nimmo-Bell Company Ltd, 2002). van Ameyde and Brodie

(1984) reported that India who dined out more frequently at restaurants were in the younger age group, had smaller or childless families, and were in the professional, managerial and clerical worker families group. Takeaways were popular among young people and families with young children (vanAmeyde & Brodie, 1984).

Individuals also dine out for different reasons (Lundberg & Walker, 1993). The findings from a study of Auckland consumers on restaurant selection suggested that the majority of Indian dined out for social and special occasions. The dining out habits of several segments was studied, and the group that dined out most frequently was people in the high income, middle aged group (Rammaniya, 1998).

a) Research Objectives

1. The main objectives of this research are:
2. To identify the factors that influences the decisions of consumers Preference towards restaurant.
3. To determine the most important factors that affect consumers' choice and satisfaction towards restaurant.
4. To examine the consumption pattern in restaurant
5. Choice factors based on their demographic characteristics and dinning occasion.
6. To study the opinion about the service in restaurant

b) Research Methodology

The research is based on primary and secondary data collection methods and the research type is descriptive. A structured questionnaire will be designed to gather information for primary data and, for secondary data-internet, books and websites previous dissertations/researchpapers/marketingjournals/magazines/text etc will be used. A five point multi item likert scale (1- strongly agree and 5- strongly disagree.) will be used for the study.

The research will be conducted in Dehradun. It will involve gathering of information from the customers who visit at restaurant. Convenience sampling method will be used to get the responses from target population. Sample size of 89 (working and non working) respondents in the age group 18 to 25 year and more than 40 year above will be taken for the survey. To do the research following statistical tools will be used:

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percentage analysis, Rank analysis, Chi-square analysis, ANOVA-test T-test

c) *Hypothesis*

H1- H_A : There is association between *Items preferred in Restaurant* across *Gender*

H2- H_A : There is association between *Items preferred in Restaurant* across *Age*

H3- H_A : There is association between *Items preferred in Restaurant* across *Education*

H4- H_A : There is no association between *Items preferred in Restaurant* across *Income*

H5- H_A : There is no association between *Customer satisfactions* across the *Gender*

H6- H_A : There is no association between *Customer satisfactions* across the *Age*

H7- H_A : There is no association between *Customer satisfactions* across the *Education*

H8- H_A : There is no association between *Customer satisfactions* across the *Income*

d) *Research Contribution*

This research aims to provide a better understanding of the consumer decision-making process for restaurants in India. Understanding restaurant choice behavior can assist restaurant marketers and practitioners when they develop marketing strategies and enable them to select the most salient attributes to attract and retain customers. Furthermore, a theoretical model of restaurant selection behavior in India developed in this study will help to provide a useful framework for future research regarding consumer behavior in the restaurant industry. This contribution is particularly important due to the limited empirical studies on consumers' restaurant selection behavior India.

II. REVIEW OF LITERATURE

This part reviews the relevant literature about consumers and services, the consumer decision-making Process model and previous studies in consumers' restaurant selection Behavior. Furthermore, the interrelationships between customer satisfaction, food Quality, service quality and behavioral intentions are discussed. Lastly, the restaurant Choice factors, dining occasion, and demographic characteristics are reviewed.

Previous studies on consumer behavior in the restaurant context have identified a number of factors that consumers consider important in their restaurant selection. Following are examples of these studies: Lewis (1981) investigated the influence of the benefit features of advertising on consumers' decision to go to a restaurant. Three types of restaurants: family/popular, Atmosphere, and gourmet were analyzed. Food quality was found as the most important feature determining patronage in tensions to any type of restaurant.

However, the range of importance of the other features differed by the type of restaurant

Auty (1992) identified the choice factors in the restaurant decision process based on four occasions: a celebration, social occasion, convenience/quick meal, and business Meal. Food type, food quality and value for money were found as the most important Choice variables for consumers when choosing a restaurant. The order of these choices Criteria varied according to dining occasions. The author further suggested that if the consumers perceived that restaurants provide comparable food type, food quality and price, they would take image and atmosphere of the restaurants into account when making a final decision, Family/popular and convenience/ fast-food restaurants. The Kevel's (1997) results Showed that the relative importance of the restaurant choice factors differed considerably by restaurant type, dining occasion, age, and occupation. The studies of consumer behavior in ethnic restaurants are relatively limited. Previous ethnic restaurant studies have focused on consumers' perceptions and attitudes or on a particular cuisine (e.g., Josiam & Monteiro, 2004 ;)

Among these studies, the unique characteristics of ethnic cuisine are commonly discussed. However, ethnic restaurateurs cannot compete simply on the uniqueness of the cuisine. The results of past studies have emphasized that, in order to succeed, restaurant operators need to pay attention to the attributes that have the highest regard in relation to consumers' selection behavior.

Service providers need to understand how consumers choose and evaluate their Offerings (Zeithaml, 1981). Consumers cannot choose and evaluate services in the same manner they do to physical goods as services have distinctive characteristics and Are high in experience quality. Therefore, consumers find it more difficult to evaluate services when compared to physical goods. Several studies (e.g., Kotler et al., 1998; Zeithaml, 1981; 2003) suggest that the main characteristics that make services different from physical goods are: intangibility, variability, inseparability, perishability, and lack of ownership.

The intangible quality of services is that services constitute performances and they often cannot be seen, felt, tasted, or touched like physical goods (Zeithaml, 1981)., when making restaurant choice decisions, Consumers used both tangible and intangible factors. The intangible factors are primarily: food quality, service quality, and value for money the intangible characteristic of services makes these factors difficult to evaluate prior to the actual purchase. Accordingly, restaurant patrons often rely on Tangible clues such as restaurant facilities, décor, and atmosphere to guide them in forming expectations about the restaurants (Bitner, 1990; Wall & Berry, 2007).

Most services are not produced and consumed until after they are sold. The production and consumption of a service experience is usually a simultaneous process (Zeithaml & Bitner, 2003). A restaurant service has a high level of contact between diners and service employees. Accordingly, the skills and performance of restaurant staff are vital to diners' perception of restaurant experience (Kotler et al., 1998).

Services cannot be stored. In contrast to physical goods that can be stored and sold at a later time, services cease to exist if they are not sold when they become available (Hoffman & Bateson, 2001). For instance, a customer who does not show up for a reserved table in the restaurant will cause the restaurateur to turn down the chance to serve other diners if the restaurant is full (Kotler et al., 1998). Service providers often find it difficult to balance the supply and demand of services, given the unpredictable nature of consumer demand for services (Hoffman & Bateson, 2001).

Services are an experience. Consumers pay to get access to and experience a service but do not get a tangible ownership of that service (Clemes, Mollenkopf,

& Burn, 2000). Accordingly, consumers may feel a lack of control in the purchase of services (Cowell, 1989).

Food quality is rated as the most important attribute influencing restaurant decisions in many studies on consumers' restaurant selection behavior (e.g., Auty, 1992; Lewis, 1981; Soriano, 2002; Sulek & Hensley, 2004). The elements that constitute food quality proposed in this study are unique tastes and ingredients, menu variety, Appearance and presentation, healthy food options, and familiar food.

III. ANALYSIS AND DISCUSSIONS

In the data analysis there is classification and Frequency of different demographic profile like as "Gender, Age, Education, Income statement. Chi-square test, T- test, ANOVAs help to understand the relation between different demographic factors, customer preference and satisfaction. from the cross tabulation of different factors I make the relation then apply the chi-square test on the basis of the test result we come to know the Association or No association among different factors.

Table 3.1 (a) : Mean value among different measures

Statement	SA	A	N	D	SD	M	St. D
Food is served hot and fresh	61	25	3			1.34	0.55
The menu has a good variety of item	26	55	5	2	1	1.84	0.72
The quality of food is excellent	42	39	6	2		1.64	0.71
The food is tasty and according to my test	28	53	6		2	1.82	0.75
The order is taken correctly and there were no discrepancies while serving the item	38	40	8	3		1.73	0.77
Employees are patient when taking order	54	27	4	4		1.52	0.78
The menu was easy to read	41	45	2	1		1.58	0.60
Employees speak clearly and politely	46	39	1	3		1.56	0.69
Employees are friendly and courteous	45	35	5	4		1.64	0.79
The service is excellent	29	43	10	6	1	1.95	0.90
My restaurant provides value of money and i pay attention to ambience of restaurant	28	51	9		1	1.82	0.70

SA(1)= Strongly agree, A (2) =Agree, N (3) = Neutral, D(4) Disagree, SD (5) Strongly disagree, StD = Standard deviation

Interpretation : From above Table, it is being Interpreted that the :

- ★ Mean value for food is served hot and fresh is **1.34**
- ★ Mean value for the menu has a good variety of item is **1.84**
- ★ Mean value for the quality of food is excellent is **1.64**
- ★ Mean value for the food is tasty according to my taste is **1.82**
- ★ Mean value for the order is taken correctly and there were no discrepancies while serving the item is **1.73**
- ★ Mean value for Employees are patient when taking order is **1.52**
- ★ Mean value for the menu was easy to read is **1.58**
- ★ Mean value for Employees speak clearly and politely is **1.56**
- ★ Mean value for Employees are friendly and courteous is **1.64**
- ★ Mean value for the service is excellent is **1.95**
- ★ Mean value for my restaurant provide value of money and I pay attention to ambience of the restaurant is **1.82**

a) Chi-Square Test Item Preferred In Restaurant Across The Demographical Factor

Hypothesis 1

H_0 : There is no association between Gender and Item preferred in restaurant

H_A : There is association between Gender and Item preferred in restaurant

Table 3.2 (b)

Chi-Square Tests	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	15.44	2	0.0004
Likelihood Ratio	16.47	2	0.0002
Linear-by-Linear Association	15.02	1	0.0001
N of Valid Cases	89		

Inference : The above H_0 : is Rejected (chi-square with 4 degree of freedom=15.44, p=.0004)

There is no association Item preferred in restaurant across the Gender

Hypothesis 2

H_0 : There is no association between Age and Item preferred in restaurant

H_A : There is association between Age and Item preferred in restaurant

Table 3.3 (c)

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.85	4	0.043
Likelihood Ratio	10.38	4	0.034
Linear-by-Linear Association	0.53	1	0.465
N of Valid Cases	89		

Inference : The above H_0 : is Rejected (chi-square with 4 degree of freedom= 9.85, p=.043)

There is no association Item preferred in restaurant across the Age

Table 3.3 (f)

Serial No	1	2	3	4	5	6	7	8	WAS	Rank
Factor	Count	Count	Count	Count	Count	Count	Count	Count		
Quality	46	10	8	6	11	2	1	5	6.44	1
Rates	6	26	16	21	9	3	5	3	5.49	2
Variety in the menu	2	6	16	4	9	24	12	16	3.61	6
Efficiency		1	7	8	7	14	40	12	2.82	7
Cleanliness	3	15	21	20	12	7	8	3	4.93	5
Location	13	13	10	19	18	8	6	2	5.16	4
Ambience		4	2	2	8	19	8	46	2.77	8
Good taste	19	15	8	10	14	12	9	2	5.25	3

Hypothesis 3

H_0 : There is no association between Education and Item preferred in restaurant

H_A : There is association between Education and Item preferred in restaurant

Table 3.2 (d)

chi-square tests	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.5653311	4	0.048
Likelihood Ratio	9.901645	4	0.042
Linear-by-Linear Association	5.1485956	1	0.023
N of Valid Cases	89		

Inference : The above H_0 : is Rejected" (chi-square with 4 degree of freedom=9.56, p=.048) There is no association Item preferred in restaurant across the Education

Hypothesis 4

H_0 : There is association between Income and Item preferred in restaurant

H_A : There is no association between Income and Item preferred in restaurant

Table 3.2 (e)

chi-square test	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.88	4	0.095
Likelihood Ratio	8.46	4	0.075
Linear-by-Linear Association	2.83	1	0.092
N of Valid Cases	89		

Inference : The above H_0 : is accepted. (Chi Square with 4 degree of freedom=7.88, p= 0.095).

There is association Item preferred in restaurant across the Income

b) Ranking of factor for preferring a particular restaurant

Inference : The Table 14 gives the distribution of the respondent according to the ranking of the factor for preference towards a particular restaurant....The food quality was ranked 1st, 2nd for rates, 3rd for good taste, 4th for location, 5th for cleanliness, 6th for variety in the menu, 7th for efficiency, and 8th ranked given by the respondent for ambience .

c) *T-Test For Analyzing The Customer Satisfaction Across The Gender*

Hypothesis 5 :

H_0 : There is association between *Customer satisfactions* across the *Gender*

H_A : There is no association between *Customer satisfactions* across the *Gender*

Table 3.4 (g)

Levine's Test for Equality of Variance s			t-test for Equality of Means		
	F	Sig.	t	df	Sig. (2-tailed)
Equal variances assumed	5.02	0.02	1.48	87	0.14

Inference : The above H_0 : is Accepted, ($p = .14 > .05$, $t = 1.48$). There is association *Customer satisfaction* across the *Gender*

d) *Anova Test For Analyzing The Customer Satisfaction Across The (Age, Education, Income)*

Hypothesis 6

H_0 : There is association between *Customer Satisfactions* across the *Age*

H_A : There is no association between the *Customer Satisfactions* across the *Age*

Table 3.5 (h) : Age

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.16	2	0.58	2.86	0.06
Within Groups	17.48	86	0.2		
Total	18.64	88			

Inference : The above H_0 : is Accepted ($p = .06 > .05$, $f = 2.86$) There is association *Customer Satisfaction* across the *Age*

Hypothesis 7

H_0 : There is association between *Customer Satisfactions* across the *Education*

H_A : There is no association between *Customer Satisfactions* across the *Education*

Table 3.5 (i) : Education

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.5	18	0.25	0.65	0.85
Within Groups	27	70	0.38		
Total	31.5	88			

Inference : The above H_0 : is Accepted ($p = 0.85 > .05$, $f = .065$) There is association *Customer Satisfaction* across the *Education*

Hypothesis 8

H_0 : There is association between *Customer Satisfactions* across the *Income*

H_A : There is no association between *Customer Satisfaction* across the *Income*

Table 3.5. (j) : Income

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5.94	18	0.33	0.608	0.88
Within Groups	37.97	70	0.54		
Total	43.91	88			

Inference : The above H_0 : is Accepted ($p = 0.88 > .05$, $f = .608$) There is association *Customer Satisfaction* across the *Income*

IV. RESULT, FINDINGS, CONCLUSION, LIMITATION

a) *Results and findings*

- ★ Out of all the respondent 73% are male and 27% are female
- ★ Out of all the respondents 76.4% are of age 18-30 year, 18% are 31-40 year and 5.6 % are more than 40 years
- ★ Out of all the respondent 31.5% are comes under up to Graduate, 59.6% are post Graduate and 9% are doctorate

- ★ Out of all the respondent 68.53% comes under less than 30000Rs., 19.1% are 30000-40000 and 12.35 % comes under over 40000 Rs
- ★ Out of all the respondent 46.1% are comes under once a week, 22.5% are more than once a week, 16.9% once a month, and 14.6 % comes in very rare
- ★ Out of all respondent 36% are vegetarian, 29.2% Non vegetarian and 34.8% are come under both
- ★ Out of all the respondent 4.5% are goes for Breakfast, 28.1% Lunch and 67.4% Dinner
- ★ Out of all the responded 6% Respondent willing to pay 100-200, 23% 300-500, 40% 600-800 and 31% comes in more than 800
- ★ There is no association item preferred in restaurant across the gender
- ★ There is no association item preferred in restaurant across the age
- ★ There is no association item preferred in restaurant across the education
- ★ There is association item preferred in restaurant across the income
- ★ The Table 14 gives the distribution of the respondent according to the ranking of the factor for preference towards a particular restaurant....The food quality was ranked 1st, 2nd for rates, 3rd for good taste, 4th for location, 5th for cleanliness, 6th for variety in the menu, 7th for efficiency, and 8th ranked given by the respondent for ambience
- ★ There is association customer satisfaction across the gender
- ★ There is association customer satisfaction across the age
- ★ There is association customer satisfaction across the education
- ★ There is association customer satisfaction across the income

b) Conclusion

It is evident from the study that majority of the consumer have visited different restaurant at different times. So the restaurant owner has to take steps to retain the customer and make them a permanent customer. Majority of respondent came to know about the restaurant through their friends .and restaurant advertise in local media news paper, magazines to attract more customer. From the study majority of people are male who visit to restaurant ,and mostly are youngster , their qualification are post graduate income level of respondent is good they mostly visited in restaurant in a week and from the data majority of people like to vegetarian ,and around 67% are go for dinner its show the majority of people who visit have to take dinner Quality and taste are the two major factor consider by the respondent in selecting a restaurant ,so the restaurant owner, s should not compromise on these aspect at any cost.

c) Limitation

- ★ The sample size is small, so we cannot determine the accurate result
- ★ Less time period
- ★ No of question is not enough for consider the customer preference and satisfaction
- ★ Area is limit so we do not get the actual satisfaction of the customer towards restaurant

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“Complexity Theory and General Model of Leadership”

By Bahman Nasir Zenouzi & Ali Dehghan

CCG, Customer Centric Group

Abstract - Recent approach to complexity theory (Mary Uhl-Bien, Russ Marion & Bill McKelvey, 2007) of leadership attempt to move toward “a new understanding of what leadership is, in a post-industrial school of leadership” by developing a model of leadership based in complexity science in bureaucratic forms of organizing (Mary Uhl-Bien, Russ Marion, 2009). This study has tried to drop the old paradigm of “Reductionist Thinking” to reach to a holistic view and model which can be offered by Complexity Theory and consequently succeeded here to offer:

1. A broad solution which is embedded in Complexity science.
2. General Model of Leadership as a Complex Adaptive System (CAS)
3. Understand and Explain how attractors affects CAS of leadership
4. Look at Leaders Brain instead of Behavior
5. An start to Complex Plane (called here also phase space) of the complex function to simulate emerged system of Leadership.

Keywords : *complexity theory, phase space, leadership model, motivation, attractors.*

GJMBR-A Classification: JEL Code: C51



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“Complexity Theory and General Model of Leadership”

Bahman Nasir Zenouzi ^α & Ali Dehghan ^σ

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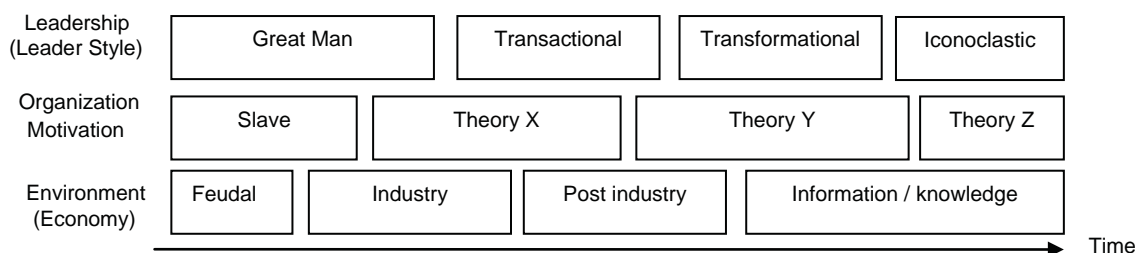
Keywords : complexity theory, phase space, leadership model, motivation, attractors.

I. INTRODUCTION

At summarizing the reviewed literature, history of development of mankind understanding and science in Leadership reveals that, at early age, in the feudal or clan culture, “Great Man” solution was the only possible media for directing the Crowd of people and groups. The people were treated as slaves or slave

kinds having limited rights in society. Years, “Great Man” led the labors assuming Theory X view point toward workforce and gradually gave the leadership a Transactional move but assuming the same Theory of X. Simultaneously early industrialization collected a mass of agricultural un-skilled labors free for basic footwork. Training and education made more productive labor and in parallel, industry shifted to Mass production making economy of scale and dump in price level and goods available for public. The basic security needs was met and Transactional leaders played great role practicing “control management”. In the control management paradigm, making money requires a firm to control processes, and to do that the firm must have standardization and ensure that most effective subordinate did it in the most efficient manner. The production processes got robot systems and “Brain Power” replaced labors with the skilled followers, so the individual development was getting mature to Theory Y workforce and Transactional leadership style was not sufficient to meet new goals for incremental improvement. So, Transformational leadership started to play the significant roles in moving organizations forward with visions share with followers. In this incremental improvement paradigm, making money requires customer satisfaction, which in turn requires a culture and systems for quality and excellence and perfectionism (Transformational Visions).

Figure 1 : History of Leaders - Followers Development over time



II. PROBLEM DEFINITIONS

Review of literatures and books helped to extract the history of leadership theories, including the distinction between transactional, transformational and

Iconoclastic (Breakthrough) leadership. Then discussion and analysis of above mentioned reviews offered two improvement areas or:

- a. Inductive / Outside-in Approach
- b. Reductionism Methodology

To achieve the first improvement, a comparative case study method was taken to develop a semi-grounded theory of leadership and Complexity theory used to have holistic view and model.

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III. RESEARCH METHODOLOGY (SEMI-GROUNDED THEORY BUILDING)

SJ Fox and Wolfgramm (1997), introduced Dynamic-Comparative Case Study Method (DCCSM). It is believed that D-CCSM is especially appropriate for researchers who: (1) are interested in studying new topical areas in organizations; (2) want to develop testable, midrange, theory from the processual analysis of case studies; (3) would like to replicate their studies in multiple research settings; and (4) have limited research resources.

IV. RESEARCH (IN-FIELD APPROACH TO LEADERSHIP)

To exercise In-field research approach, which will also enable us to develop semi-grounded theory, following qualitative research questions are designed.

1. What is going on in Leaders' Brain (Psychological, emotional and life studies)?
2. What is the leader's objective?
3. What tools and environment were available for Leader to lead and reach goals?

After analyzing 5 different case studies, following results are obtained:

1. Leader's brains are not normally wired.
2. "Reductionist Thinking" misleads us on parts and whole of leadership.
3. Leaders use organization, environment, politics and different styles as media to reach their goals.

a) Complexity Theory

Complexity Leadership Theory (CLT) is the study of the interactive dynamics of complex systems (CAS) embedded within contexts of larger organizing systems. (Mary Uhl-Bien, Russ Marion, 2009) The significance of CAS dynamics for the study of leadership can only be understood by recognizing the meaning of the term complexity (see Cilliers, 1998, Ch. 1 for a good overview of complexity and CAS; see also Snowden & Boone, 2007).

Most of nature is made up of what complexity scientists call non-linear, complex adaptive systems - systems created by a number of diverse and independent agents that are constantly changing and interacting with each other. In complex dynamic systems that adapt to their context, a study of the parts surely produces an incomplete understanding of the whole. In adaptive systems apparently inexplicable results arise from the interactions between simpler components. But such systems are not random and follow patterns even if they are difficult to predict precisely.

Following General Model of Leadership as a Complex Adaptive System consists of Leader, Organization and environment emerged in one complex

model of leadership. The 'emergence' indicates the whole outcome if different from collection of individual variables. We called the whole "Leadership" system which consists of embedded interacting agents, free to act, not always predictable, changing the context of each other.

General Model of Leadership as a Complex Adaptive System

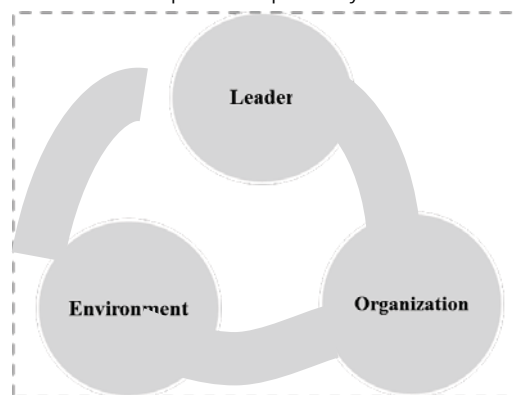


Figure 2 : Leadership Model

We propose this model of Figure 2 as a Simple but with embedded interactions of variables (It is not Reductionist Model). It is a general model since can be modified by adding any new variable depending on case, e.g. if there is a change leader or a multi-organization, then model can be build up adding new variable making it a pyramid shape. The same way the informal dynamic is embedded in context. The variables and the system are fuzzy and have no boundary (not like reductionism). It is complex with double way interacting variables but not complicated as a model of a rocket with components having defined input and output. It is also adaptive since when the states of the model as a whole changes, the non-linear interacting agents will practice changes and if components changes then non-linear interactions between variables will create effective and developed state far from equilibrium. Sometimes a small change in Leader results in no change in organization, other times a huge change in organization, unpredictable. They operate in a delicate dynamic balance between static and chaotic modes in an area called the 'edge of chaos'. Agents in this model of complex adaptive system respond to others by using internalized rules (instincts, procedural rules, or mental models) that drive action.

Modeling leadership with Complexity Theory, reveals uncertainty and inconsistency as inherent within the system and without considering attractors (general patterns), the only way to know exactly what leadership will do is to observe it ultimately. The general patterns or attractors come from leaders (objectives), Environment (social and economical actors) and organization (culture, technology, efficiency and effectiveness). The attractors can be categorized as fixed-point attractors,

periodic attractors and strange attractors. Research on attractors may dominate the leadership research in the future because they determine the patterns and expose past and present while playing key roles in estimating future.

b) *Model Generalize-ability:*

Vladimir Dimitrov (January 2001), in "Thinking And Working In Complexity" explains that Several stunning discoveries of the theories of Chaos and Complexity shattered the logical foundations of science built over the span of many centuries:

1. Prediction and determinism are incompatible: we cannot predict long-term behavior of complex systems, even if know their precise mathematical description.
2. Reducing does not simplify: interaction is important and interaction means inseparability.
3. Simple linear causality does not apply to Chaos and Complexity.
4. Complex dynamics give birth to forces of self-organization:

The self-organizational force seems to arise spontaneously from 'disordered' conditions, not driven by known physical laws. How can entirely new structures emerge from the multitude of interactions within the complex systems? The concept of *vorticity* explains this stunning phenomenon. "When the vortex is swirling you could swear that there is a force somewhere. Where is it coming from? The answer is perhaps the most fundamental acknowledgement in all of Complexity: it comes from within the system. Although there seems to be an external force organizing the vortex, it is the masses in the vortex that is driving it" (O. Am, 1994, cited by Dr. Vladimir Dimitrov).

As Hayek put it in *The Sensory Order* (1952, pp. 188-189, 8.80). Modeling can only allow pattern prediction in complex system not a precise result prediction that may come out of a non-complex phenomena. In a complex system of emerged variables, the system patterns can be predicted by attractors which interact non-linearly and sometimes randomly. To draw a model of complex system, it is necessary to extract variables, relationships, attractors and relation of attractors on system patterns and affecting variables. Therefore Considering the fact that the variables and relations are complex and fuzzy and the model represent an emerged complex system, therefore the traditional method of reductionist approach and input-output test is not applicable. Applicability / validity / trustworthiness / generalize-ability characteristic of this CAS model, shall be assessed in:

1. Static / Snapshot: Finding the attractors of each variable at any moment

2. Dynamic / Longitudinal: Understanding and finding the changes of attractors and changes of function of complex system.

In our model of complex emerged leadership system, we shall be able to find attractor for all of three variables and shall justify longitudinal changes, then the model will not be valid and can be generalized.

In framework of complexity theory and proposed model, (midrange theory and model), we tested the model by proposing the attractors for different variables in above five Cases of leaders. We tested the business, political and educational leadership systems and found the model is valid and the attractors not only exist but also have impact on whole emerged system operation. That is why tests were successful, then the midrange model in framework of semi-grounded theory as well as model developed in complexity framework are confirmed.

Referring to figure 2, it will be interesting to find if this model is able to explain how the attractors changed over time and resulted changing the functions which was interpreted as leadership style. We listed out the attractors it may be necessary to test the Historical development of Attractors of Leadership complex model as listed in table 1.



Table 1 : Historical development of Attractors of Leadership complex model

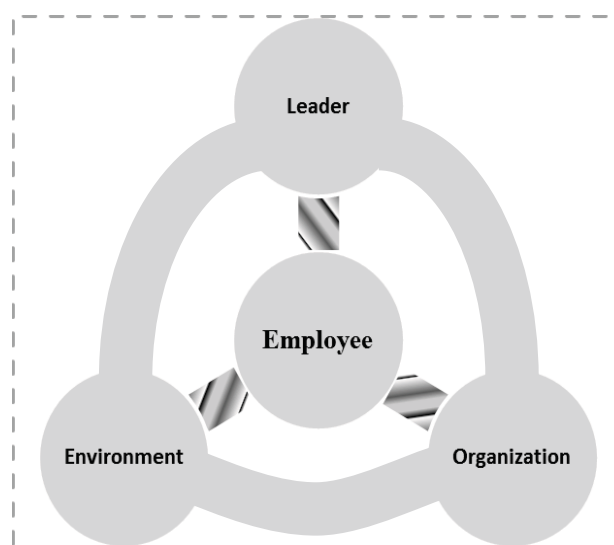
Style	Variables	Attractors
Great Man	Leader	1. Brain: skilled hunters, Blue blood 2. Objective : Perform Great mission and survive
	Organization	Tribes, clans, Failure to follow leads to death
	Environment	1. Brute force accepted, fear-based 2. Long-term power derived from survival skills 3. Feudalistic mindset to human at late development
Transactional	Leader	1. Brain: Controlling, measuring still Feudalistic mindset 2. Objective : Reduce cost, increase production
	Organization	1. Workers were inefficient, unskilled with agricultural mind 2. Organize, control, command, measure and decide for results 3. Lazy and inefficient workers are being developed and getting ready for participation
	Environment	1. Mass Production at minimal costs 2. Stability is a must, do what it takes to get the job done 3. Labor unions start getting power.
Transformational	Leader	1. Brain: Systemizing brain, virtually realizing "promised land" 2. Objective : Insight spiritual Visions
	Organization	Theory Y employees, Flexible and participative organization
	Environment	Post industrialized, "Brain Power" Era, Demanding speed and innovative solutions.

Therefore, this model describes all what we historically know on leadership by understanding it's dynamic nature at any snapshot of time when it is going to be tested. Based on reductionist thinking, a natural tendency is to make model of variables affecting process and define relations and test it in different conditions. It has happened that these models have not been functioning in new conditions. Actually and practically those models have been built by using attractors as variables and since different conditions changes attractors, therefore those models lost the dynamism and so were not generalized any longer. We can see here that due to complex structure of leadership, one model can not only be generalized for different situation of political, educational and business but also is able to cover whole history of leadership.

c) Complexity Model for Motivation

Motivation is to be studied on employee, as separate variable in our Leadership model. Accordingly, Figure 3 is a proposed model for motivation. This Complex model of motivation consists of 4 variables, three of which are already discussed in Leadership Model having the same attractors discussed earlier. The forth variable i.e. employee, respond to intrinsic attractors and external attractors received from other three variables of Leader-Organization-Environment.

Figure 3 : Complexity Model of Motivation



Studying the intrinsic attractor is a pure psychological research and all human dimensions shall be studied such as Identity, emotion,... etc. Vladimir Dimitrov and Kalevi Kopra, 1998 in Dynamics of Human Identity propose two internal attractors and says: "In today's society there are two distinguishable attractors for the dynamics of human identity - one is the attractor of separateness, the other is the attractor of unity.

1. The Attractor of Separateness
2. The Attractor of Unity

The interaction (motivation) of employee to external variables depending on strength of each one and also drive from internal attractors of employee



explains static and dynamic functions which was already categorized in Theory X, Y or Z motivation. In case the environment has priority and strong affection on employee, then the relation with other two get loosen and employee moves close to environment if also attractor of unity of employee supports this move. That is Theory X where the employee looking for his basic need in environment satisfied as Maslow pyramid.

That is true that "Great Man" belong to early age when the people economy and knowledge was at lowest level (Theory X field of application) but all Great men had few followers neglecting the basic needs and devoted to leader. This mean the Leader charisma or attractor towards such followers was strong and therefore, they were practicing some leader tasks (Theory Z). Generally if employee get closer to Environment shows Theory X behavior, if get closer to organization then Theory Y and close to Leader shows theory Z behavior.

Tables 1 shows attractor's driving 3 variables interacting extrinsically with employee and depending on applicable X, Y or Z of motivation theory, different underlined attractors in above tables get stronger and prevailing effect.

This model does explain why even theory Z employees can get employee X behavior during the affection by environment for example while strikes raised through political and economical reasons or in case of need for financial support or need for belongingness (unity) or when employee feels repulsion from the leader or organization (Separateness) .

d) *Sample Phase Space:*

We read in "Complex systems, time and graphical analysis of organizational behavior" written by Linda L. Brown, Daniel J. Svyantek 2001 that "*Complex systems must be studied across time to find patterns of underlying order. A phase space diagram illustrates the way in which systems transform themselves over time (Abraham, Abraham, & Shaw, 1990) The phase space diagram shows whether behavior on this variable varies across time and the amount of variation that occurs. The phase space diagram shows whether behavior on this variable varies across time and the amount of variation that occurs. Phase space diagrams (Svyantek & Brown, 2001; Svyantek & Brown, 2000a, Svyantek & Brown, 2000b; and Svyantek & Snell, 1999) have been used to understand order in complex systems*".

Phase Space Graph, in case the total system is selected to be studied, is called complex plane, showing whole complex system behavior as well as interactions of emerged variables. Each system has almost unique phase space demonstration till an iconoclastic change is not experienced. After an iconoclastic change, the system will be a totally new unique system and will show almost the same phase space if the interaction of variables are not changed. But

anyhow, all variables will be settled in new states and values.

IF our model is valid model in complexity theory, then we shall be able to draw the phase space of an assumed leadership system in state of equilibrium. A phase space diagram is a history of the changing variables of the system. Any state of the system at a moment in time is represented as a point in phase space. All the information about the system is contained within the co-ordinates of that point. Then as the system changes the point will move to another place in phase space. As the system changes with time the point in phase space will trace a trajectory on the phase space diagram.

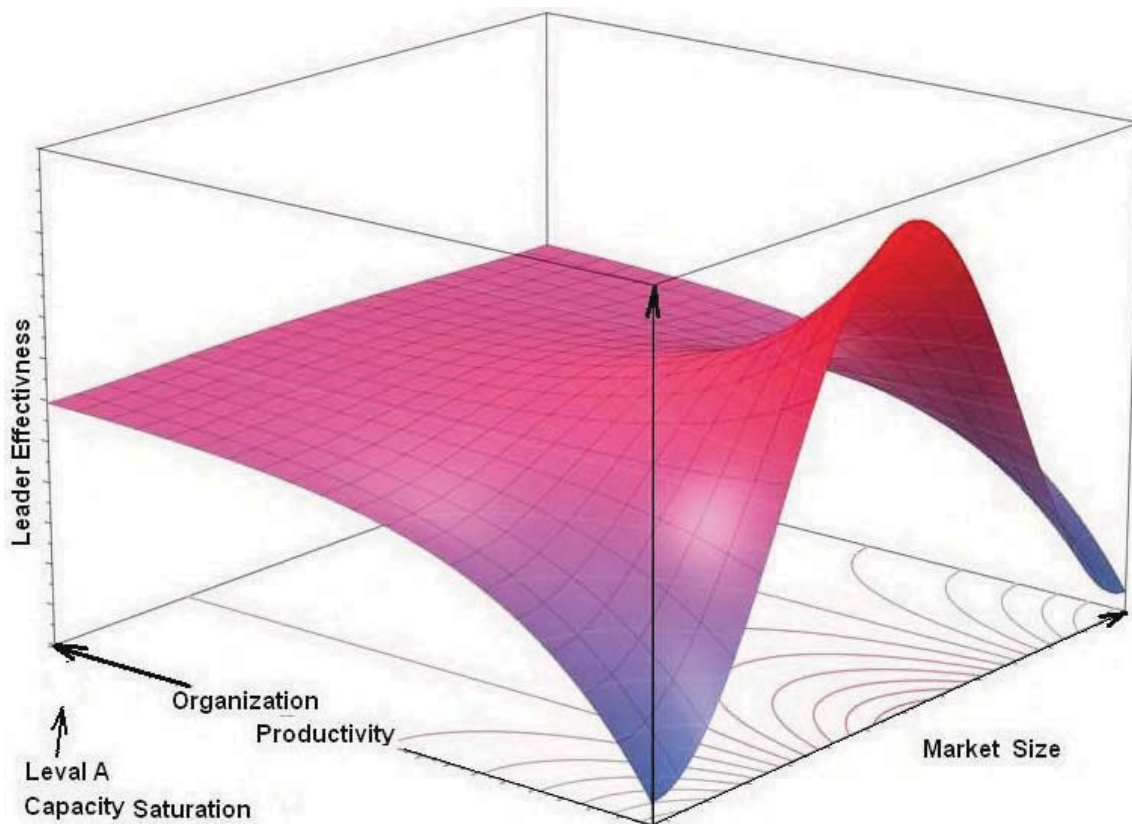
We now try to draw some key assumptions to be able to draw a complex plane (phase space) for leadership where we can distinguish the actions of attractors and changes in variables. We assume a Leadership model, where following functions are assumed to represent patterns of attractors:

1. The response of Organization (change in productivity) for increase on Leader effectiveness (for a change or transformation) can be studied in two dimensional frame where it shows a Non-linear Hyperbolic/exponential behavior and organization productivity matures at level A
2. Leader response (effectiveness) towards changes in Environment (Market size for example) shall almost have linear behavior at first start of increase of market size. We also know and can assume that market share of companies reduces by new competitors and lack of profitability in increase of a product, therefore we can assume that leader effectiveness can be reduced by marker share decline.
3. The effectiveness of Leader is dependent mostly on intrinsic characteristic of Leader/patterns of transformational leadership to enhance productivity of organization till organization reach to stable and final stage of productivity at a level A. This level cannot be changed by leader or environment as the full capacity reached. That is the level which firms get mature and start the slope down and Breakthrough or iconoclastic leader can only enhance the result which we will discuss later.

If we assume X, Y, Z in Cartesian dimensions as following:

- X = Leader efforts and dedication,
- Z = Change in Organization productivity, (Toward Stability)
- Y= Change in Environment (Market size)

Figure 7: Phase space model of an assumed Leadership model



V. CONCLUSION

It should be noted that somehow the values at x, y and z may have fuzzy values and shall be scaled. We may have still time to reach formulation of human science in mathematics and making scale to measure the characteristics of variables and this representation was only a light in the road to reach to explanation of order in complex system and simulation of novelties to examine future in Labs.

When the representative value of variables are identified and scaled and relation between variables are somehow defined/estimated in mathematical formula, then phase space of model of such specific leadership can be drawn and the attractors influence in equilibrium state can be simulated and well measured. Then it will be possible to estimate change of system based on attractors and will even be possible to test a transient state and find the system new state of equilibrium because we defined leadership system as adaptive and self-organizing system.

If we neglect the error imposed due to lack of availability of scale on values of variables in X, Y and Z in this Cartesian dimensions, practically this phase space diagram can explain any business organization behavior. Each new business imposes new leader efforts and new organization capacity upgrade and

market size enhancement till system and variables all reach new state of equilibrium depending on attractor's values and effectiveness.

Further to presenting "Complexity theory and model of leadership" I cannot assume conclusion for start of my proposed way forward and since we revealed just a part of facts so can judge only on immediate needs of how and where to continue by:

1. Developing a phase space study
2. Defining scale system for measurement of key attractors.
3. Formulating a complex equation for leadership phase space
4. Study if merger of two companies or acquisition of new company can be described by a phase space of the mathematical result of complex equation of two companies?

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APPENDIX 1

Five cases, 1- A Politician (Obama) 2- An Entrepreneur (Jobs) 3- An IT Leader (Craig) 4-An Education Leader (Druker) 5- A Business Leader (Weiss), are selected to have sample on each field to be able to get more chance for Generalizability. The constructs of transferability (i.e., external validity) and Credibility (i.e. triangulation), is also attained through the use of multiple data collection methods and through the corresponding data collection between cases.

Above question could also be in detail included in interview with leaders and through qualitative analysis could be done on the answered question. Anyhow, recently, interesting books (which books? Name them—following book?) have been published explaining leaders such as *"Inside Steve's Brain"*, *"Inside Drucker's Brain"* and *"Inside Obama's Brain"* have tried to explore some part of realities which we will address here in Cases.

For a Qualitative data mining most accurate data for above question shall be available in above books because they have been prepared with extensive explanatory data on our questions while also other sources in internet were used to cross-check the trustworthiness of collected data.

Referring to above Flowchart 1, data collection and analysis (Action 1 to 13) is performed by researcher and two co-analyst (two member of CCG as MBA graduated colleagues) and action 14 to 17 was jointly continued. The answers of research question was prepared as following for each case independently. Action 18th to 21st is then performed by summarizing the comparative finding in each case and general conclusion is obtained in three topics. The finding also tested by their Complexity theory applicability in table 5, Then a review is conducted on new Neuroscience, electroencephalography, neuropsychology, psychoanalysis, and artistic practice on Brain and which all confirms the conclusions of each other. Therefore we believe we have been able to conduct here a semi-grounded theory extraction using the framework of complexity theory and have made model and tested it in CCG experiment.

Case 1 :

Sasha Abramsky, Author of "Inside Obama's Brain" have stated few points not an academic value but useful. One year ago, Obama (The first black candidate), had received more votes (in raw numbers if not total percentage of votes cast) than any other presidential candidate in history. Then he received the Nobel Prize because, despite the ongoing war in Afghanistan, Obama's achievement:

1. In convincing a majority of Americans to part with the go-it-alone, conflict is good for business policies and ethos of the Bush/Cheney years

2. Long-term ambitions in many human related field made millions of people feel included in the political process for the first time in their lives,
3. Put in place a large scale anti-poverty agenda cumulatively merited a Peace Prize.

Because of his values, at least in part, Obama has not discarded, or given up, his fundamental political values. The forty fourth President, is deeply empathetic and is genuinely committed to a grassroots-empowerment vision with an strange mix of pragmatism and idealism. His soul, his heart, is utopian and passionate about bringing the voices of the voiceless into the halls of power; but his brain is actually rather policy wonkish.

He has never wanted to tear down, or allow to collapse under its own weight, but measurably, the Obama leadership is changing some of the fundamental processes in US society.

Answers for research questions:

1. Obama's Brain
Empathetic and Genuinely believe of utopian states (Visionary Leader)
2. What is the leader's objective?
"Soft Power" let say "grassroots-empowerment"
3. What tools and environment were available for Leader to lead and reach goals?
Change, Organize for America using Majority of Americans, Public attitude worldwide,

Case 2 :

"I was worth about over a million dollars when I was twenty-three and over ten million dollars when I was twenty-four and over a hundred million dollars when I was twenty-five, and it wasn't that important because I never did it for the money," Jobs said.

In 1985, Jobs quit before he could be fired from Apple for being unproductive and uncontrollable. With dreams of revenge, he founded NeXT with the purpose of selling advanced computers to schools and putting Apple out of business. NeXT, on the other hand, never took and had to exit the hardware Business.

Now in his early fifties, Jobs lives quietly, privately, with his wife and four kids in a large, unostentatious house in suburban Palo Alto. A Buddhist and a vegetarian who eats fish, he often walks barefoot to the local Whole Foods for fruit or a smoothie. He works a lot, taking the occasional vacation in Hawaii. He draws \$1 in salary from Apple but is getting rich (and ever richer) from share options—the same options that almost got him into trouble with the SEC—and he flies in a personal \$90 million Gulfstream V jet granted to him by Apple's board. Apple has become the perfect vehicle to realize Jobs's long held dreams: developing easy-to-use technology for individuals. He's made—and remade—Apple in his own image. Jobs has taken his

interests and personality traits, obsessive, narcissism, perfectionism and turned them into the hallmarks of his career. He is one of few who turned his personality traits into a business philosophy.

He's a cultural elitist who makes animated movies for kids; an aesthete and anti-materialist who pumps mass-market products out of Asian factories. He promotes them with an unrivaled mastery of the crassest medium, advertising. He's an autocrat who has remade a big, dysfunctional corporation into a tight, disciplined ship that executes on his demanding product schedules.

Inside Steve's Brain Published in April 2008, was a New York Times best-seller and an international hit (translated into 15 languages and a best-seller in Brazil and Italy). There will be a time when Apple will be left without its supreme leader, Leander Kahney says in his book, then "the company will be both royally fucked and totally OK when the inevitable happens". Fucked because this is there inescapable "only one Steve Jobs exists" even if Bill Gates casts a larger shadow but Microsoft copied everything from Apple — and still does, from Windows to the Zune. Ugly, but true. But since Jobs made "routinization of charisma" implanting charismatic personality traits of leader's (obsessive, perfectionist prototyping of Steve's) into business processes, then Apple will be OK even without him.

Steve said : "... the values of our company are extremely well-entrenched. We believe ... we're on the face of the earth to make great products and that's not changing ... believe in the simple, not the complex believe in deep collaboration and cross-pollenization of our groups ... And frankly, we don't settle for anything less than excellence ...and we have the self honesty to admit when we're wrong and the courage to change."

Answers for research questions :

1. Steve's Brain

Autocrat , an aesthete and anti-materialist, "I never did it for the money", Buddhist, Work alcoholic, obsessive, narcissism, perfectionism

2. What is the leader's objective?

Easy-to-use technology

3. What tools and environment were available for Leader to lead and reach goals?

Apple as the perfect vehicle where he turned his personality traits into a business philosophy.

Case 3 :

CEO suspects that it may be the right way to run the world. Newmark, says there is nothing he would care to do with that much money, should it ever come into his hands. He already has a parking space, a hummingbird feeder, a small home with a view, and a shower with strong water pressure. What else is he supposed to want? What kind of company declares

itself uninterested in maximizing profit? "Companies looking to maximize revenue need to throw as many revenue-generating opportunities at users as they will tolerate," Buckmaster says. "We have absolutely no interest in doing that, which I think has been instrumental to the success of craigslist."

Craig has ever said to CEO, 'This is the way it has to be,' The long-running tech-industry war between engineers and marketers has been ended at craigslist by the simple expedient of having no marketers. Only programmers, customer service reps, and accounting staff work at craigslist. There is no business development, no human resources, no sales. As a result, there are no meetings. The staff communicates by email and IM. This is a nice environment for employees of a certain temperament. "Not that we're a Shangri-La or anything," Buckmaster says, "but no technical people have ever left the company of their own accord."

The claim that craigslist, used by millions of strangers, is somehow a democracy begins to be believable exactly here, in the crotchets, irritations, prejudices, and minor forms of harassment that characterize life in a small town where any proposal you make is subject to the judgment of everybody.

"My big mission is to help make grassroots democracy as much a part of our government as representative democracy,", he says.

Answers for research questions:

1. Craig's Brain

Work alcoholic, absolutely no interest in Money making,

2. What is the leader's objective?

Grassroots democracy

3. What tools and environment were available for Leader to lead and reach goals?

Crowd sourcing in Craigslist with 30 employees and his leadership style.

Case 4 :

Peter Drucker, was "the father of modern management" who revolutionized management theories with over 38 books on business. A part of Drucker's incredible body of knowledge to life, includes his consultancy on General Motors and as a mentor to Jack Welch in his stellar career at General Electric.

1950-1971 Drucker was a professor in Management at New York University and 1971-2005, the Clarke Professor of Social Science and Management with the Claremont Graduate University. But due to his approach, he turned his back on academia in what it views as important ways, academia turned its back on him, as well. Therefore, it is not strange that he is quite neglected in the academic literatures while by exploring his books and thinking, you find he was well ahead of his time, and on the forefront of management thinking.

The publisher of "Inside Drucker's Brain" book written By Jeffrey A. Krames, has issued a review where he says, ninety-four-year-old Peter Drucker invited me to his home for a daylong interview. It took many months for me to get the lessons clear. Yet not one (of my twenty plus published books in management) gave me the education I had gained at Drucker's side in that one remarkable day. The lessons of this ultimate Renaissance man, dig into the areas of education, society, politics, and medicine.

Drucker lived a life based on embracing tomorrow and abandoning yesterday. Along the way he discovered an important paradox: in order to build one must tear down. Drucker had little problem tearing things down, abandoning what did not work, leaving behind what was no longer important. That was how he was able to accomplish so much.

Some of the chapters of this book summarized Drucker's thinking: Opportunity Favors the Prepared Mind, Execution First and Always, Broken Washroom Doors (take care of details), Outside In (being customer centered), Abandon All But Tomorrow, The Leader's Most Important Job, and A Short Course on Innovation.

Answers for research questions :

1. Drucker's Brain
Iconoclastic Knowledge creator, abandon all but tomorrow
2. What is the leader's objective?
Renaissance in management science
3. What tools and environment were available for Leader to lead and reach goals?
Academia (But he did not manage to use it), His books and free domain in US (even if he was not so admired by academies)

Case 5 :

Weiss credited Ameritech's consistent financial success to its information-intensive marketplace, strong management, state-of-the-art technology and an enlightened state regulatory climate. According to "Simultaneous Transformation and CEO Succession: Key to Global Competitiveness" published in Organizational Dynamics, Spring 1996 pages 45-59, in August 1991, Ameritech's CEO, William Weiss was approaching last years of his retirement but seriously searching for ways of transforming the culture of Ameritech because he believed we've got to transform this company or we'll find our markets rapidly shrinking within five years facing us to a catastrophic situation.

"We're going to creatively disassemble and rebuild Ameritech. This is the most important leadership challenge we have ever undertaken and the toughest challenge of all will be cultural." Weiss said to his 30 senior executive officers in February 1992 and in March

1992, the Breakthrough effort began. Then the company was being put on a war alert and Breakthrough Lead Team was functioning as role models for the values of openness, candor, and constructive conflict. Beside these values citing such elements as teamwork, making contributions, and ethics to drive Ameritech, they also touched employee relationships. They defined new psychological contract confronting the entitlement mentality with: No guaranteed employment, Employment relationship based on performance and opportunity to grow, fairness, and merit-based compensation.

Answers for research questions :

1. Weiss's Brain
Iconoclastic, abandon all but tomorrow
2. What is the leader's objective?
Avoid facing with a catastrophic situation
3. What tools and environment were available for Leader to lead and reach goals?
Breakthrough (disassemble and rebuild Ameritech and set new vision in place) using Strength of his position and Position of Strength

5 Case and 3 Conclusions :

When we analyze the above 5 Cases qualitatively, we can easily learn / conclude (from above useful but not deep academic texts) that:

1. Leader's brains are not normally wired.
Craig and Steve both possibly suffer from a mild Asperger and Obama has a Spiritual but Systemizing Brain, Drucker and Weiss Iconoclastic and we will discuss these aspects later in this article.
2. Outside-in approach or "Reductionist Thinking" misleads us on parts and whole of leadership.
It has incorrectly assumed organizational result as the objective while real Leaders objectives are quite different. Craig does not aim to beat competition or generate money, he aims Grassroots democracy - Obama's aim was not "Change", his aim is Soft power or grassroots empowerment - Steve aims for easy-to-use technology not for money or maximizing earnings, Drucker was trying to implement Renaissance in management science and not appreciation of Academia - Weiss did not aim for Iconoclastic Leader succession and Institutionalized Breakthrough, his aim was to survive and avoid catastrophic situation of Amitech. These goal s/ visions are intrinsic drive (attractor) which are dominating leaders styles and Leadership system is legitimate /on board by requirement of organization and environment.
3. Leaders use organization, environment, politics and different styles as media to reach their goals.

Craig or Steve never limit their objectives/ dreams at organizational level and presidency is only a vehicle for Obama. Drucker's books were media helping him to institutionalize renaissance in management science and Weiss's breakthrough was his media to avoid tragedy after his retirement. Leader is leader when having impact on on organization and environment.

As we advance deeper in the knowledge economy, the basic assumptions underlining much of what is taught and practiced in the name of management are hopelessly out of date ... Most of our assumptions about business, technology and organization are at least 50 years old. They have outlived their time. (Management's new paradigms, Drucker, 1998 :). We shall Drop Our Tools and unlearn what we have repeated as discussed in above Cases and study Leadership a little bit differently. We shall bridge our distance from leaders' world and their interactions to be able to get accurate and generalizable outcome. We need a complex model of leadership explaining the findings on above items 2 and 3 which will be studied later in this article, section "Complexity theory and model of leadership". But, item one is just recently helped by Neuro-scientific techniques through research on brain keeping always away from outside-in methodology. We will review these literature's to get light on our understanding only, and will avoid "Reductionist Thinking" and evade concentrating on one variable.

In a complex system of emerged variables, the system patterns can be predicted by attractors which

interact non-linearly and sometimes randomly. To draw a model of complex system, it is necessary to extract variables, relationships, attractors and relation of attractors on system patterns and affecting variables. Therefore Considering the fact that the variables and relations are complex and fuzzy and the model represent an emerged complex system, therefore the traditional method of reductionist approach and input-output test is not applicable. To test the applicability / validity / trustworthiness / generalize-ability characteristic of this model, test can be done by 1- finding the attractors of each variable in an emerged leadership system and 2- understanding the effects of attractor in variable and complex system. If we do not find any attractor for any of three variables then the model will not be valid for that case and therefore cannot be generalized.

As for item 18, 19, 20 and 21 of flowchart 1, in framework of complexity theory and proposed model, (midrange theory and model), we tested the model by proposing the attractors for different variables in above five Cases of leaders. Incase our test is successful, then the midrange model in framework of semi-grounded theory developed based on 5 cases as well as model developed in complexity framework are confirmed. These systems are business, political and educational leadership systems and therefore, if the model is valid then the attractors shall exist and should have impact on whole emerged system operation. The result is listed in table 5.

Table 5 : Attractors of Leadership complex model of Cases

Case	Variables	Attractors
Obama	Leader	1. Brain: Empathetic and Genuinely believe of utopian states 2. Objective : "Soft Power" let say "grassroots-empowerment"
	Organization	Imperialistic governance, Capitalist parliaments, Allies as followers
	Environment	1. USA: Ethos of the Bush and credit crunch still obtrusive 2. World : Expect changes, stop the go-it-alone and conflict-is-good-for-business policies
Steve Jobs	Leader	1. Brain: Autocrat, an aesthete and anti-materialist, perfectionism 2. Objective : Easy-to-use technology
	Organization	Charisma institutionalized Apple, world leading technology
	Environment	Gate's shadow, Credit crunch, Apple innovation appreciated
Craig	Leader	1. Brain: Iconoclastic, work alcoholic, No drive for Money 2. Objective : Grassroots democracy
	Organization	Happy devoted employees
	Environment	Crowd sourcing, Website policy appreciated by public
Drucker	Leader	1. Brain: Iconoclastic Knowledge creator, abandon all but tomorrow 2. Objective : Renaissance in management science
	Organization	Books and Lectures (presenting his incredible body of knowledge)
	Environment	Dominant educational leadership by Academia turned its back on him,
Weiss	Leader	1. Brain: Iconoclastic, abandon all but tomorrow 2. Objective : Protect Ameritech from catastrophic situation"
	Organization	Ameritech with breakthrough changing culture
	Environment	Competition, Credit crunch

Referring to figure 6, it will be interesting to find if this model is able to explain how the attractors changed over time and resulted changing the functions which was interpreted as leadership style.

APPENDIX 2

Complexity Theory (How to use?)

Complexity theory recently is used in Leadership study but differently. Therefore, referring to

pioneers in using complexity theory in leadership and management, Mary Uhl-Bien, Russ Marion, Bill McKelvey (2007) who wrote the *"Complexity Leadership Theory: Shifting leadership from the industrial age to the knowledge era"*, the difference in perception/methodology of using complexity theory is challenged. This will help to learn and strengthen the theatrical and practical aspects of proposed model.

Table 6 : Challenging common perception of Complexity Theory

	Literature perception	Proposed model perception
1	Complexity science suggests a different paradigm for leadership—one that frames leadership as a complex interactive dynamic from which adaptive outcomes (e.g., learning, innovation, and adaptability) emerge.	Most of nature is made up of what complexity scientists call non-linear, complex adaptive systems - systems created by a number of diverse and independent agents emerged and are constantly changing and interacting with each other. To apply this science to leadership, we shall define leadership boundary and identify variables (agents) emerged. That is not outcomes emerge or dynamic emerge ... We shall leave our "Reductionist thinking" first and see the leadership as a whole and emerged (welded together and represent a unit body) variables which attractors of each variable results change in a whole.
2	In Complexity Leadership Theory (CLT), we recognize three broad types of leadership: (1) ... (i.e., administrative leadership), (2) ... (referring to what we will call, enabling leadership); and (2) ... emergent change activities (what we will call, adaptive leadership)	Types of leadership are response technique of leader to the attractors intrinsic or extrinsically initiated. Types of leadership, therefore are mediator between attracters and actions of leader and can be changed based on action needed or attractors gravitating.
3	Complexity Leadership Theory seeks to foster CAS dynamics while at the same time enabling control structures for coordinating formal organizations and producing outcomes appropriate to the vision and mission of the organization. Complexity Leadership Theory is about setting up organizations to enable adaptive responses to challenges through network-based problem solving. It offers tools for knowledge-producing organizations and subsystems dealing with rapidly changing, complex problems. It also is useful for systems dealing with less complex problems but for whom creativity is desired. In organizational systems, administrators in formal positions of authority likewise influence complex adaptive systems by imposing external coordinating constraints and demands. Such constraints are valuable for (among other things) controlling costs, focusing efforts, allocating resources, and planning. Complexity Leadership Theory (CLT), then, is a framework for studying emergent leadership dynamics in relationship to bureaucratic superstructures. CLT identifies three types of leadership, adaptive, enabling, and administrative, and proposes that they differ according to where they occur in the larger organizational hierarchy.	The theory is not going to seek anything but explain and formulate events and actions. Complex systems are characterized by nonlinear dynamics (small changes can have BIG effects) and emergent properties (system attributes cannot be explained by the mere sum of the parts). These systems are called Complex Adaptive Systems (CASs). Diverse individual agents are massively entangled yet adaptable and resilient. CASs are capable of undergoing spontaneous self-organization and leaps in performance. Examples include stock markets, gardens, human beings, weather systems, and human organizations Systems are complex because cause and effect relationships are obscured. Delays, multiple locations, and sheer number of details or moving parts make purely "rational" decision-making ineffective. In complex systems the causes and effects are causes and effects of themselves. Causality is not linear but circular. Causes and effects are not separable and therefore not manageable in isolation. The obvious interventions, focused on fixing the parts or the structure, can make the problem worse. Meso model of Complexity Leadership Theory also is trying to get into interaction of parts (Reductionist thinking) and loose study of leadership as whole. Interaction of parts are valuable source of understanding when we study how interactions occur by initiation specific attractor.
4	Complexity Leadership Theory, recognizes that leadership is too complex to be described as only the act of an individual or individuals;	The word system originates from the Greek verb sunistanai, meaning to cause to stand together or to combine. Modern definitions include: a group of interacting, interrelated, or

<p>rather, it is a complex interplay of many interacting forces.</p> <p>A complexity leadership approach adds to leadership research a consideration of the mechanisms and contexts by which change occurs and systems elaborate rather than a predominant focus on variables.</p> <p>To understand mechanisms requires methodology that is capable of analyzing the interactions of multiple agents over a period of time (see Hazy, 2007-this issue). Developing an understanding of the mechanisms that underlie Complexity Leadership Theory and the conditions in which such mechanisms will emerge is critical as we move our theorizing forward into embedded context approaches in leadership (Osborn et al., 2002). There can be any number of mechanisms underlying the Complexity Leadership Theory function.</p>	<p>interdependent elements forming a complex whole; and, a functionally related group of elements.</p> <p>When we use "too complex" or "mechanism" it may be taken that we have not differentiated "complicated" with "Complex". Mechanism is for used for explaining interaction of complicated systems through cause and effect, but Complex is a whole and cause and effect are not separable and not manageable in isolation.</p> <p>That is true that, CAS science focuses on the patterns (Attractors) of relationships among parts of the system, rather than the parts by themselves or the structure, but it does not mean to keep reductionist focus on relations.</p> <p>By assuming a system as Complex, we assume it is emerged system of agents and interactions. Individuals have the freedom to act in unpredictable ways and their actions are interconnected in ways that change the context for others. Systems move forward and change by examining, responding to and building on local patterns of interaction.</p>
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We read in "Complex systems, time and graphical analysis of organizational behavior" written by Linda L. Brown, Daniel J. Svyantek 2001 that *"The nonlinear views of systems and the research methods used to describe nonlinear system behavior are commonly known as chaos theory or complexity theory. Nonlinear research methods are non-reductionistic (Gallagher & Appenzeller, 1999): It is held that system behaviors cannot be explained by breaking down the system into its component parts. Explaining the behavior of a complex system requires understanding (a) the variables determining system behavior; (b) the patterns of interconnections among these variables; and (c) the fact that the patterns of interconnections and the weights associated with each interconnection may change across time scales in behaviorally significant ways (Koch & Laurent, 1999)."*

They continue that : *"Complex systems must be studied across time to find patterns of underlying order. A phase space diagram illustrates the way in which systems transform themselves over time (Abraham, Abraham, & Shaw, 1990) The phase space diagram shows whether behavior on this variable varies across time and the amount of variation that occurs. The phase space diagram shows whether behavior on this variable varies across time and the amount of variation that occurs. Phase space diagrams (Svyantek & Brown, 2001; Svyantek & Brown, 2000a, Svyantek & Brown, 2000b; and Svyantek & Snell, 1999) have been used to understand order in complex systems".*





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Customer Satisfaction and Intellectual Property Protection: In the Case of Online Educational Institutions

By Ali Dehghan

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I. INTRODUCTION

“ In recent years, the knowledge-based economy has exhibited a pervasive and ever-increasing demand for innovative ways of delivering education, which has led to dramatic changes in learning technology and organization” (Zhang, Zhao, Zhou, & Jr, 2004, p.75). The Internet has drastically revolutionized the process of obtaining education regardless of time or location for students and made it more challenging for colleges to provide this education (Levy & Hancock, 2003). Because of the low cost and fast distribution of Internet, e-learning is becoming more popular. In the e-learning or distance learning system, students and instructors are separate (Bolliger & Martindale, 2004; Moore & Kearsley, 1996). Despite the primary enthusiasm in online learning systems, there are still serious concerns about Internet-based programs like intellectual property protection.

According to Arbaugh (2000), these concerns raised critical questions that how to produce effective Internet-based courses and what key factors may lead to student satisfaction in online programs. The purpose of this paper is responding to these questions. First of all, student satisfaction with online learning should be defined, thereafter the key criteria of student satisfaction in online programs will be explored and finally the relationship between student satisfaction with online courses and intellectual property protection will be investigated. This paper attempts to do so by conducting a brief literature review.

a) E-Learning

Electronic learning (e-learning) has, over the past decade, become a crucial construct for colleges. It also can be called as one of the most important achievements in the burgeoning field of education and invaluable asset for any education institution. No one even could predict that it would be higher educational institutions with no campuses (virtual environments) which let students attend from any were (Levy, 2007). Delivering the instructions through any electronic media such as Internet, TV, CD-ROM and so on, is called e-learning. These days, because of the expansion of the Internet, which can be called enchantment of technology, online learning and e-learning becomes integrated. Seemingly, Internet's unique features, benefits and advantages, have driven several universities to offer online degrees and educational services via Internet. It should be emphasized that e-learning is a response to higher education's issues. These issues can be classified as: access to education, declining public revenues and the cost of accommodating the education (Alexander, 2001; Daniel, 1997; Johnston, 1992).

E-learning does not only deliver the knowledge to anyone at anytime, but also can train the right people at the right time with the relevant knowledge package (Govindasamy, 2002). According to Alexander (2001) and Bates (1997), Internet is being used vastly in higher education in order:

- To improve the quality of learning
- To increase the accessibility of education
- To reduce the education's cost
- To expand the cost effectiveness of education

To have a better image of e-learning systems, a brief comparison between e-learning and traditional face-to-face classroom learning seems to be necessary. It depicts major dimensions of both learning styles (e-learning and traditional face-to-face classroom learning) as bellow:

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	Traditional Classroom Learning	E-Learning
Advantages	<ul style="list-style-type: none"> • Immediate feedback • Being familiar to both • Instructors and students Motivating students • Cultivation of a social community 	<ul style="list-style-type: none"> • Learner-centered and self-paced • Time and location flexibility • Cost-effective for learners • Potentially available to global audience • Unlimited access to knowledge • Archival capability for knowledge reuse and sharing
Disadvantages	<ul style="list-style-type: none"> • Instructor-centered • Time and location constraints • More expensive to deliver 	<ul style="list-style-type: none"> • Lack of immediate feedback in asynchronous e-learning • Increased preparation time for the instructor • Not comfortable to some people • Potentially more frustration, anxiety, and confusion

Table 1: Traditional classroom learning vs. e-learning (Zhang, Zhao, Zhou, & Jr, 2004)

To benchmark the quality of e-learning systems, 7 parameters were introduced by six universities in the US (Quality on the Line, 2009; Govindasamy, 2002) as follows :

- Institutional support
- Course development
- Teaching and learning
- Course structure
- Student support
- Faculty support
- Evaluation and assessment

Among these proposed attributes, the student support which can be interpreted as student satisfaction, has the major role in improving the quality of e-learning systems as the student can be counted as a customer and once the customer is satisfied, it approves the quality. Student support in online learning setting is slightly different with traditional classroom instruction, as it mostly depends on the interaction, which is the major difference between e-learning and traditional face-to-face learning.

b) Online Courses

Because of the rapid and tremendous growth of online programs, there is a huge demand for creating online courses. Due to lack of control and supervision, web is simply used as a tool to create many online courses that cannot meet the minimum standards. Most of the online course designers still use the concept of traditional classroom setting rather than taking the best advantages of the opportunities of the web. It is an undeniable fact that online instructors put more efforts and have more workload than traditional teachers, as they have to provide the students with more feedback. However, teaching in live classes has its own difficulties and need special skills. In online teaching environments, instructors may benefit of having enough time to

respond the students by reviewing the teaching staff freely and without any stresses, but traditional instructors should be well prepared to make the lectures professionally and handle students' problems.

So what is the general framework of an online course and what is the ideal one? Online courses usually consist of different sectors such as web-based textual materials, discussion forums in two formats of synchronous (live chat) and asynchronous (threaded discussion or email), assignments (homework, exam, project), communication tools (voice chat) and other items, such as visual case studies and videos (Carr-Chellman & Duchastel, 2000). In most cases, even in the author's personal experiences of teaching online courses, to avoid of any copyright infringement, the students are strongly encouraged to use their own traditional textbooks, as many of them are not available on the internet and the portability of traditional books may let the students spend much time on studying (Carr-Chellman et.al, 2000) .

Satisfaction

A consensus is emerging that customer satisfaction is a critical success factor for any business systems. The current widely accepted idea, considers students as customers and universities as service organizations or service providers (Hennig-Thurau & Langer, 2001). Keller argued that "Satisfaction relates to perceptions of being able to achieve success and feelings about the achieved outcomes" (as cited in Johnson, Aragon, Shaik, & Palma-Rivas, 2000, p. 32). Satisfaction can be obtained when the perceived performance exceeds the perceived performance, otherwise dissatisfaction occurs. It is always purported that a gap exists between a customer (student) and a service provider (educational institute), the more gap, the less satisfaction and vice versa. Unfortunately, there is no universally agreed upon definition of student satisfaction. Among various definitions, Astin(1993)

states, student satisfaction is all about the student's perception and perceived value of his educational institution (Bolliger et al., 2004). One of the challenging outcomes of student satisfaction is student retention, which will eventually lead to student loyalty. Indeed, student loyalty is considered as an essential key for all universities.

Satisfied students become active ambassadors for their colleges may support them by positive word of mouth and resisting to switch to another institution. Dehghan (2009) review of the literature revealed that student satisfaction is important for educational institutions because:

- 1) The financial foundation and base of all universities are based on Tuition fees and retaining the students may be of a great help in this regard
- 2) Retaining the existing students is less costly than gaining new students
- 3) Satisfied students may help their universities in raising the Teaching quality by their contribution and commitment.
- 4) Satisfied students may recommend their schools before and after graduation

All above, imply the significance of student satisfaction and how someone can be identified as a satisfied student. Thenceforth the factors that may lead to student satisfaction will be developed.

Johanson (1996) acknowledges that student satisfaction with e-learning highly depends on (1) the technology functionality, (2) the course design, (3) the instructor's performance and his/her instructional strategies and finally (4) the degree of flexibility (Johnson et al. 2000). Similarly, other researchers argue that student satisfaction can be impacted by transparency (Eastmond, 1995), communication potential (Irani, 1998) of course designs and the structure (Romiszowski & Cheng, 1992) of the online courses (Swan, 2001).

It is important to note that new findings indicate that several parameters can impact on student satisfaction, such as the role of the instructor (Arbaugh, 2000a, Endres, Chowdhury, Frye, & Hurtubis, 2009), however literature review shows the interaction (part of the communication sector) is the key aspect in determining the student satisfaction, therefore it should be explored more in detail.

As it was mentioned earlier, Carr-Chellman et al. (2000) and other researchers argued that communication section in online programs consists of four major categories: (1) Asynchronous interaction, (2) Synchronous interaction, (3) Email, (4) Video conferencing and so on.

Email Communication: This model of communication has multiple applications. It is mostly used for students to contact with their instructors about their assignments or special questions (as the authors

usually use to communicate with their professors); however the entire class may use this function to email each other regarding their team projects or group assignments. Furthermore, in some cases it can be used as a private communication tool between the student and instructor or among two students.

Asynchronous interaction: There are three kinds of interaction in e learning: Interaction among students, interaction between a student and an instructor, and interaction between students and the course or student-content interaction. Most of the researchers were thinking that e-learning systems will suffer from lack of interaction, but creation this method of communication (Asynchronous interchanges) has resolved this issue to certain degrees. In this method, students may debate (online dialogue) or post their opinions about special topic (which can be determined by the instructor) through online forums which are called threaded discussion boards or online conference boards. This way of communication, let's the student to share his problems, ideas and experiences with the peers and those people may provide him with their own suggestions, solutions and insights. In some cases, the instructor may lead the discussion (which is called the discussion leader).

Synchronous interaction: In this method, students can interact in a live atmosphere by taking part in live chats or audio conferences. Synchronous interchanges simulate the real face-to-face class, specially some new softwares like Elluminate can create a virtual environment that each one can discuss or ask his questions directly from one person or the whole class and immediately be provided with others feedback.

Video Conferencing: If the instructor wants to conduct a live lecture by showing a presentation or visual case study, video conferencing (online white board) is a key. There is large number of software or websites (such as dimdim) which can be of help in pursuing this purpose. Therefore the entire class can watch a certain presentation simultaneously.

II. THE STUDY

Excluding intellectual property protection, most of the key factors for determining student satisfaction in online courses were explained. Owing to the dramatic development and expansion of Internet and respectively e-learning, all electronic materials become mobile, accessible and deliverable, therefore Intellectual property protection becomes more difficult and more controversial. Copyright law is a major area of law that affects higher educational institutions" (Levy et al. 2000, para. 25). Copyright law gives the right to a copyright holder to reproduce his work, disseminate it vastly or even sell it. Although basic copyright law gives the copyright to the creator, it may change when it comes to

online classrooms. So that, it brings up a basic and critical question that who owns online materials?

Online materials, in the field of e-learning, can be divided in two groups. Instructor's materials such as course stuff and student's learning properties like assignments, projects, papers and all of his online communications. Generally, copyright law is granted to the author of the work. According to Twigg (2000), most of the e-colleges acknowledge that "The real need is for an institution to have a clear statement of its policy and a mechanism to ensure that the issue of ownership is addressed as early as possible in the development process" (p. 2).

The copyright is granted to the faculty members, since they design, develop and organize the work, however, based on the current regulations about online courses, the instructors cannot claim for any ownership rights as they are hired and paid. There is also no vigorous copyright for students in online programs that may protect their intellectual properties against infringement. It should be mentioned that, even full time instructors, have no right to keep their teaching stuff as online institutions claim their rights to the copyright (Levy et al. 2000, para. 27).

The author of a copyrighted work should be able to regenerate his work or distribute it or display it, but it shows that students may not have complete ownership right at least on part of their intellectual properties such as their assignments or their postings in threaded discussions, also the institute which offers the online program have the authority to keep and record all of students stuff like their posts in the online board discussion or their private communications and so on, therefore it makes them not to trust on any online learning systems.

III. CONCLUSION

Trust and satisfaction are proportional and have a direct relationship, the more trust, the more satisfaction and vice versa. Literature review states when someone has confidence in another's intent, it should confer its trust. Therefore, if e-learning provider organizations think about more profit by having long time relationship with their customers (students) and high reputation in education field, they have to put all their efforts to build trust. In case of online learning, these institutions should offer thorough ownership rights to students prior to their enrollments and make them sure that there will not be any sort of cheating or abusing of their intellectual properties. The education institution should also strictly promise that students' data will be kept confidential and stored in accordance with applicable legal provisions. This study identified the significance of intellectual property protection in higher student satisfaction with online courses by recommending the online programs providers to focus

on creating trust and commitment between themselves and students, so that satisfaction and probably, the enrollment rate may grow.

The main purpose of this research is to gain a better understanding of the relationship between intellectual property protection and student satisfaction. Theoretically this research extends the knowledge body of intellectual property protection and student satisfaction with online courses by enriching the content of student satisfaction of e-learning.

a) Implication for Further Research

Some areas which are not covered in this paper are exciting and need to be studied. For instance, doing a comprehensive survey to discover the role and importance of intellectual property protection in growing student satisfaction of online programs. The author has decided to do that to fulfill his doctoral research.

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Identifying Factors to Indicate the Business Performance of Small Scale Industries: Evidence from Sri Lanka

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GJMBR-A Classification: JEL Code: O14



IDENTIFYING FACTORS TO INDICATE THE BUSINESS PERFORMANCE OF SMALL SCALE INDUSTRIES EVIDENCE FROM SRI LANKA

Strictly as per the compliance and regulations of :



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I. INTRODUCTION

Sri Lanka is an island country located in the Indian Ocean closer to the southern part of India. It has about 70% of its population living in the rural areas whose main income source is agriculture. With a human development index of 93 out of 177 countries and a literacy rate of 90%, Sri Lanka is conducive to startup micro and small enterprises (MSEs) for socio-economic development. The agriculture sector contributes to 12% of GDP of the country (Central Bank of Sri Lanka, 2008), although 24.6% Research and development expenditure is spent on agriculture research and development (NSF, 2009).

Sri Lanka's gross domestic product (GDP), in real terms, grew by an impressive 8.3 per cent in 2011, the highest growth witnessed during the past six decades. This is an unprecedented achievement as it was the first time that Sri Lanka realized economic growth of 8 per cent or above in two consecutive years in post-independence history. This high growth was underpinned by the conducive macroeconomic environment, strong domestic demand, improved investor confidence, continued expansion of infrastructure facilities and improved doing business environment amidst the fragile global economic

From the production side, the remarkable growth in Industry and Services sectors contributed significantly to the growth while the Agriculture sector suffered a setback.

Small and Medium Enterprises (SMEs) play a crucial role in contributing to overall industrial production, employment generation and poverty reduction in developing countries (Arinaitwe, 2006).

The small and medium enterprise (SME) sector is well recognized for its contribution to employment, innovation and economic dynamism and is considered as an engine of growth and an essential part of a healthy economy. It provides the industrial leaders of the future, improves the competitive edge of the economy by maximizing the range of choice available through market provision and challenges the dominance of existing large industrial units, thereby forcing them to innovate. Small firms have been the chief source of creating new jobs in many countries. It would not be an exaggeration to mention that the overall health of the economy depends, to a large extent, on the health of the SME sector in a country.

According to the Central Bank of Sri Lanka (1998), the Cottage and Small Scale Industries (CSSI) sector plays an important role in economic development through creation of employment opportunities, the mobilization of domestic savings, poverty alleviation, income distribution, regional development, training of workers and entrepreneurs, creating an economic environment in which large firms flourish and contribute to export earnings. Having understood the positive impact of SMEs development and economic growth, successive Governments in Sri Lanka have taken various steps to develop this vital sector (Gamage, 2000). Research has shown that in Sri Lanka 68% of the small business fail within the first 2-5 years of operation. In the United States of America the rate of failure is as high as 80%. In the European Economic Community Countries out of every 1000 small businesses only will service for more than 10 years from the start (Mendis et al, 1999). Why do such a large number of small firms fail each year? It is important to *identify what are the factors indicating the performance as well as success? How can we measure the performance as well as success?*

Therefore, the purpose of this study is to examine, through an empirical investigation, factors that

would indicate to the performance of small industries. The data for the study were collected through the written questionnaire following direct personal interviewing technique conducted on a sample of small scale industries in Sri Lanka.

II. QUESTIONNAIRE SURVEY

For the questionnaire survey, a sample of 68 small scale industries was decided from the industries which were registered before 2003 in Industries Department, District Secretariat Office, Vavuniya. According to the Survey data of Industries Department, District Secretariat Office, Vavuniya, there are 127 small scale industries were functioning as at 31.12.2007. From the 127 industries 68 industries were selected as sample.

In addition to getting information about profiles of enterprise 20 questions asked to get information related to performance indicators. Initially, thirty questionnaires were distributed with a view to pilot testing, confidentiality of information assured to the respondents. Subjective measures were used to measure the organizational performance in this study. Measurement of organizational performance using economic data is often difficult with privately held firms, largely because the owners are the sole controllers of the information and are sensitive about releasing it (Dess & Robinson, 1984). As well, the profitability of a small business is not considered a reliable measure of performance, as the way in which profit is distributed will tend to vary with the taxation obligations of the owner – manager, with the asset structure of the business (Gibson, 2002), and with the owners' intention for the business (Davidsson, 1995; Krueger, Reilly and Carsrud, 2000; Kennedy and Drennan, 2002).

Using a modified instrument developed by the Gupta and Govintharajan, Dess and Robinson (1984)

reported strong and significant relationships between the subjective comparative assessments of the 5 year performance of 18 businesses by their top management against their similar businesses in their industries. *Therefore subjective measures were used to measure the organizational performance in this study.* Subjective measures which are perceptions collected from organizational members and stakeholders (Campbell, 1977). Further many studies have shown that subjective measures reliably reflect objective performance (Covin and Covin, 1990; Dess, Lumpkin and Covin, 1997; Wiklund, 1999; Zahra, 1993; Bae and Lawler, 2000; Luo and Park, 2001; Peng and Luo, 2000). Satisfaction is fundamental measure of the perception of successful performance (cited in Fox, 2005).

Using a 5-point Likert scale, respondents were asked to indicate the extent to which they fully satisfactory or unsatisfactory with each item. The responses range from 1 (unsatisfactory) to 5 fully satisfactory.

In the selected sample 56 participants (53.54%) were responded, 5 entrepreneurs were not responded to the survey. 7 industries had been dropped out from their function in the selected sample. According to the Survey data of Industries Department, District Secretariat, Vavuniya 127 small scale industries were functioning as at 31.12.2007. But after the survey of researcher identified there are 120 small scale industries are functioning in Vavuniya district and 7 had been closed from their function during the last two years period. The following table presents population and sample details including drop out industries and number of non respondents from respective industries of the survey. The following table presents population and sample details including drop out industries and number of non respondents from respective industries of the survey.

Table 1 : Population and Sample profile

Industries	Population (No. of Industries)	Selected Sample	No. of Respondents	No. of not Respondents	Identified no. of closed industries	presently functioning industries	Sample Rate (%)
Manufacture of Bakery Products	33	14	11	02	01	32	42.40%
Rice and Grinding Mill	44	20	15	03	02	42	45.45%
Manufacture of Agricultural Machinery Products, Lathe and Welding work	07	05	04		01	06	71.42%
Manufacture of Food Products and Confectionery items	11	07	07			11	63.64%
Manufacture of Soft Drinks Products	03	03	03			03	100%
Production of Iron & Wooden Furniture/ Carpentry works	07	04	04			07	57.14%
Manufacture of Stone Quarrying, Clay and Sand pits	01	01	01			01	100%
Manufacture of Jewelers related	11	06	03		03	08	33.33%

articles							
Tailoring Works and Beauty Centers	06	04	04			06	54.54%
Printing Works and Communication	02	02	02			02	100%
Garage, Repairing works & Service station	02	02	02			02	100%
Total	127	68	56	05	07	120	53.54%

Source : Survey data as at 31.12.2007, Industries Department, District Secretariat, Vavuniya

The sample was consisted of 51 male (91.1%) and 05 female (8.9%) entrepreneurs.

III. RESULTS OF THE STATISTICAL ANALYSIS

At the first stage, permission was taken from entrepreneurs to collect the data. Initially, thirty questionnaires were distributed with a view to pilot testing, confidentiality of information assured to the respondents.

The approach to measuring Characteristics of Entrepreneurs and Industries Performance was the use of an instrument for capturing entrepreneurs' perceptions. To establish reliability and validity of the questionnaire, pilot test was conducted with a convenience sample of entrepreneurs of small scale industries in Vavuniya district. The Cronbach's alpha was used as part of the analysis because it has been a common method for assessing the measure of reliability of entrepreneurship in organizations (Knight, 1997). Therefore reliability test was conducted to check random errors.

The reliability coefficient of all dimensions of industrial performance were 0.843 which indicated the high reliability (Gliner and Morgan, 2003). Therefore, questionnaire was taken as an acceptable instrument to be administered.

As indicated above in this study, Questionnaire was tested by using factor analysis on SPSS 13.0. Regarding validity, Kaiser – Meyer –Olkin (KMO) measure of Sampling Adequacy is a measure of whether or not the distribution of value is adequate for conducting Factor Analysis. As per KMO measure, a measure of >0.9 is marvelous, >0.8 is meritorious, >0.7 is middling, >0.6 is mediocre, >0.5 is miserable and <0.5 is unacceptable. A significance value <0.05 indicates that the data DO NOT produce an identity matrix and are thus appropriately multivariate normal and acceptable for Factor Analysis (George and Mallery, 2003).

Exploratory factor analysis is the statistical techniques used to investigate the underlying patterns or associations/ relationships for a large number of variables and to determine or not the information can be summarized in a smaller set of factors or components (Hair et al., 2006). Pallant (2010), Hair et al (2006) and Field (2010)'s guidance were followed to take up exploratory factor analysis.

A principal components analysis for items of industrial performance was performed. However, before using the factor analysis, a number of initial tests were conducted to determine the suitability of our data for such an analysis. Here Bartlett's test of sphericity and the Kaiser-Meyer-Olkin measure of sampling adequacy (George and Mallery, 2003) were used. Both of these tests can be used to determine the factorability of the matrix as a whole. If Bartlett's test of sphericity is large and significant, and if the Kaiser- Meyer-Olkin measure is greater than .5, then factorability is assumed. For this scale a measure of sampling adequacy value of .748 and a large value of Bartlett's test of sphericity (108.878 and df = 21) at a high level of significance ($p < .000$) indicated that a principal component analysis would be useful. The five factor solution suggested by the eigenvalues *greater than one* criterion explained 68.80% of the variance in the data to again confirm that the factor analysis is valid. All items loaded highly, with communalities of .484 or higher.

After being varimax rotated to obtain a simple structure the five-factor solution gave a clear factor structure. Table 1 shows the results of the principal components analysis. Factor loadings were greater than .50 were considered significant (Hair et al., 1995) and thus the larger the absolute size of the factor loading, the more important the loading in interpreting the factor matrix. When the original 20 items were analyzed by the principal component factor analysis with varimax rotation a five factor emerged. Here, two items were dropped from the analysis because of their low loadings without significant and difficulty of interpretation which loadings were .457 in factor 1 and .437 in factor 5.



Table 1 : Principal Components Factor Analysis - Varimax rotation Factors indicating to the Performance of Small Scale Industries

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
Satisfaction in Business Growth including Achievement of Business Goal			0.670		
Improvement in Life Standard after the business			0.833		
Growth in Personal Income from the beginning of business			0.599		
Improvement in Income Level when comparing before and after the business			0.511		
Improvement in saving capacity and accumulation of resources from the business					0.437
Growth on net profit earnings from the business over the past five years		0.554			
Improvement in Return on Investment (ROI) from the business		0.864			
Improvement in Return on Assets (ROA) from the business		0.898			
Growth in turnover/sales from the business over the past five years					0.754
Growth in turnover compared to the competitors over the past five years					0.613
Increasing in no. of employees from the beginning of business				0.816	
Ability of industries to keep the organization's best and most talented people				0.745	
Level of customer satisfaction related to business activities	0.791				
Conducting survey to measure satisfaction of the customers and carry out the necessary changes	0.767				
The market coverage of business enterprises	0.549				
Increasing the no. of customers from the beginning of business	0.700				
Overcoming the actions of the competitors over the past 5 years	0.457				
Achievement at business growth by facing the environmental challenge & strong competition	0.690				
Organization enhance organizational performance by being attentive to external changes	0.736				
Delivering new products and services based on market change	0.752				
Eigen Value	6.084	3.127	1.935	1.398	1.216
Proportion of Variance Explained	21.60%	12.51%	12.36%	12.33%	10.00%
Cumulative Variance Explained	21.60%	34.11%	46.47%	58.80%	68.80%
Alpha	0.87	0.832	0.714	0.762	0.817

Factor 1: This factor was represented by seven items, was named *customer satisfaction with managing change* accounted for the amount of variance 21.60%. This factor included the items were level of customer satisfaction, survey to measure the customer satisfaction and carry out the necessary changes, market coverage of business enterprise, growth in no. of customers, business growth by facing the environmental challenge & strong competition, Organization enhance organizational performance by being attentive to external changes, Delivering new products and services based on market change.

Factor 2: This factor was represented by three items, was labeled *growth in profitability* accounted for the amount of variance 12.51%. This factor comprised items representing Growth on net profit over the past five years, improvement in ROI from the business for past five years, and improvement in ROA from the business for past five years.

Factor 3. This factor was represented by four items, was named *growth in business and income level* accounted for the amount of variance 12.36%. This factor included the items were satisfaction in business growth including achievement of business goal, improvement in life standard after the business, growth in personal income from the beginning of business, improvement in income level when comparing before and after the business.

Factor 4: This factor was represented by two items, was named *growth in no. of employees and retaining key employees* accounted for the amount of variance 12.33%. Consisted items were increasing in no. of employees from the beginning of business, ability of industries to keep the organization's best and most talented people.

Factor 5: This factor was represented by two items, was named *growth in turnover/ sales* accounted for the amount of variance 10%. Factor items were growth in turnover/sales from the business over the past

five years, growth in turnover compared to the competitors over the past five years.

The internal consistency of the items used to measure each factor was calculated using Cronbach's alpha, which is the procedure of choice for investigating the internal consistency of items using Likert-type scale (Walsh and Betz, 1995). Cronbach's alpha for each factor: factor 1, factor 2, factor 3, and factor 4 and factor 5 were 0.870, 0.832, 0.714, 0.762 and 0.817 respectively which suggests that of the items measured the first two and last factor had a high internal consistency (Cronbach's alpha greater than 0.80) and third and

fourth factor had moderate internal consistency. Therefore the results of reliability analysis confirmed that consistency is at an acceptable level for each factor.

IV. RELATIVE IMPORTANCE OF FACTORS

Ranking of the above five factors in order of their importance, along with mean and standard deviation, is shown in Table 2. The importance of these factors, as perceived by the participants, has been ranked on the basis of their mean values.

Table 2 : Ranking the Factors according to their importance

Factors indicating the industrial performance	No. of variables	Mean	Std. Deviation	Rank
Factor 1: Customer satisfaction with managing change	7	26.44	3.74	1
Factor 3: Growth in business & income level	4	16.13	1.48	2
Factor 2: Growth in profitability	3	10.84	1.47	3
Factor 5: Growth in turnover	2	7.61	0.89	4
Factor 4: Growth in no. of employees	2	6.73	1.43	5

V. DISCUSSION

The results of the factor analysis show a set of five separately identifiable factors that have positive and significant impact on the performance of small scale industries in Vavuniya district. Although customer satisfactions with managing change (Factor 1), growth in business & income level (Factor 3) emerged as the first and second most highly loaded factors for the performance of their industries. Similarly, growth in profitability (Factor 2) , growth in turnover (Factor 5), growth in no. of employees (Factor 4) have been perceived as third, fourth and fifth important factors. The following discussion focuses on each of these five factors reported in the existing literature as subjective measure of the organizational performance.

Factors influencing business/ venture performance have been extensively analyzed since the beginning the 1980s (Gartner 1985; Bruderl, Preisendorfer and Ziegler 1998; Bosma, Van Praag, Thurik and De Wit 2004; Schwarz,Ehrmann and Breitenacker 2005). Venture Performance can be measured in terms of *growth and profitability* in absolute and relative terms (Antoncic and Histrich, 2001), absolute growth items are the *average annual growth in number of employees* in the last three years and the *average annual growth in sales*, in the last three years, while relative growth item is *growth in market share* (Chandler and Hanks,1993) in the last three years, absolute profitability items are *average annual return on sales* (ROS), *average return on assets* (ROA), and *average annual return on equity* (ROE), in the last three years, while relative profitability items are a subjective measure of firm performance relative to competitors (Chandler and Hanks,1993) and its

extension (Antoncic and Histrich,2001,2004), the company's profitability in comparison to all competitors as well as to competitors that are at about same age and stage of development, control variables included firm age, size, and industry.

Firm performance is a complex and multidimensional construct (Chandler and Hanks, 1993). Therefore, the use of multiple indicators to gauge new venture performance has been recommended by several researchers (Zahra, Newbaum and El-Hsgrassey, 2002). *Sales growth rate* was measured in the same manner as in several previous studies (Zahra, Newbaum and El-Hsgrassey, 2002,Amason, Shrader and Tompson, 2006; Covin, Green and Slevin, 2006; Florin, Lubatkin and Schulze, 2003; Walter, Auer and Ritter, 2006). *Growth rate in profit*, a second measure, has been widely used in past research (Chandler and Hanks, 1993; Zahra, Newbaum and El-Hsgrassey, 2002 Wiklund and Shepherd, 2005). A third measure, *employment growth rate*, has been also used in previous research as an indicator of new venture performance (Zahra, Newbaum, and El-Hsgrassey, 2002,Rauch, Frese, and Utsch, 2005; Wiklund and Shepherd, 2005). The most common non-financial measures adopted by the SMEs are *number of employees* (Orser, Hogarth-Scott, and Riding 2000;; Robinson and Sexton 1994; Loscocco and Leicht 1993; Davidsson 1991), growth in revenue across time (Miller, Wilson, and Adams 1988), market share (Bouchikhi 1993; O'Farell 1986) and revenue per employee (Johannisson 1993). Possible non-financial outcomes include *keeping the organizations' most talented people* (Peters and Waterman, 1982); creating value for a variety of stakeholders (Graves and Waddock, 1994; McGrath, Venkatraman, and MacMillan, 1992; Ruf,

Muralidhar, Brown, Janney, and Paul, 2001) process innovations (Wiklund and Shepherd, 2003); gathering and using knowledge (Lumpkin and Lichtenstein, 2005); and managing change (Hage, 1999). An organizational performance construct was operationalized by Jawaorski and Kohli (1993) with two judgmental questions. In their study, respondents were asked for their opinion of the previous year's overall performance of their organization and their overall performance relative to leading competitors. In this study also is going to follow above method to evaluate the organizational performance.

The goal approach directs the owners-managers to focus their attentions on the financial measures. These measures include *profits, revenues, returns on investment (ROI)* (Smith, Bracker, and Miner 1987), *returns on sales* (Kean et al. 1998), and returns on equity (Richard 2000; Barney 1997) rather than the non-financial measures. Financial measures are objective, simple and easy to understand and compute, but in most cases, they suffer from being historical and are not readily available in the public domain. Inaccessibility, confidentiality (Covin and Slevin, 1989), completeness (Sapienza and Grimm 1997), accuracy (Brush and Wanderwerf 1992) and timeliness (Sapienza, Smith, and Gannon 1988) of data make comparisons among the sectors challenging and futile. Further, profits are subject to manipulations and interpretations. A possible way forward is to apply the non-financial measures, though subjective in nature, as supplements to the financial measures (Kunkel and Hofer 1993; Covin and Slevin 1989; Begley and Boyd 1987; Sandberg and Hofer 1987). The combinations of these two measures help the owners-managers to gain a wider perspective on measuring and comparing their performance, in particular the extent of effectiveness and efficiency in utilizing the resources, competitiveness and readiness to face the external pressure including globalizations.

VI. CONCLUSIONS

Through an empirical investigation, this study has identified five principal factors that are perceived to be major contributions to indicate the organizational performance. These factors in their order of importance are Customer satisfaction with managing change, Growth in business and income level, Growth in profitability, Growth in turnover, and Growth in number of employees.

However, it should be noted that the above conclusion should be treated with caution, as the results of this exploratory study stem from the perceptions of entrepreneurs who represent only a small sample of small scale industries in Vavuniya, Sri Lanka. In addition, the results of this study were subject to the limitations that all performance indicators which are indicate the small scale industries performance did not extracted

from this study. Despite these imperfections, the study provides some useful insights to entrepreneurs and policy makers in involving the business activities on some factors that may be considered as important contributions to the performance of their small scale industries.

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Exploring Relationship between Psychological Characteristics and Entrepreneurial Inclination: A Case Study from Sri Lanka

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Abstract - Entrepreneurship is of dominant partner in supporting economic development of any countries. In case of developing countries, entrepreneurship plays vital role in creating jobs by the way boosting the economic development. Government and non government supports for entrepreneurship education and establishment through microfinance were culminated in success. In Sri Lanka, universities are the higher educational institution running well organized entrepreneurial qualifications. Nonetheless, undergraduates' perception towards entrepreneurship is of conundrum and intriguing. This scholarship is thus investigating the relationship between psychological characteristics and entrepreneurial inclination among undergraduates. Data for this study were collected through structured questionnaire within the cross sectional research design and the subjects were made up of 100 students where convenient sampling techniques was adopted.

Keywords : entrepreneurship, entrepreneurial inclination, psychological characteristics.

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Exploring Relationship between Psychological Characteristics and Entrepreneurial Inclination: A Case Study from Sri Lanka

Navaneethakrishnan Kengatharan

Abstract - Entrepreneurship is of dominant partner in supporting economic development of any countries. In case of developing countries, entrepreneurship plays vital role in creating jobs by the way boosting the economic development. Government and non government supports for entrepreneurship education and establishment through microfinance were culminated in success. In Sri Lanka, universities are the higher educational institution running well organized entrepreneurial qualifications. Nonetheless, undergraduates' perception towards entrepreneurship is of conundrum and intriguing. This scholarship is thus investigating the relationship between psychological characteristics and entrepreneurial inclination among undergraduates. Data for this study were collected through structured questionnaire within the cross sectional research design and the subjects were made up of 100 students where convenient sampling techniques was adopted. Results revealed that there was a positive significant relationship between the psychological characteristics and entrepreneurial inclination. Amid the psychological characteristics, locus of control and innovativeness has the strong effects on entrepreneurial inclination. Policy recommendation of this study proffers greater insight to the academic regulators, funding agencies and the government to make strategic decision for survival and successful operations of small scale enterprises.

Keywords : entrepreneurship, entrepreneurial inclination, psychological characteristics.

I. INTRODUCTION

Entrepreneurship is becoming increasingly important throughout the world. True to economist Joseph Schumpeter's (1934) view of entrepreneurship as "creative destruction", much of the world from Eastern Europe to South America to Asia envisions entrepreneurial ventures as the means to build successful free market economies. As in most Asia and Pacific, Sri Lanka too, has a majority portion of population living in rural areas which is estimated to be 78 percent of the country's total population (Gamage, 2003). The small industries in the rural areas are the major source of employment and production of food and, therefore, the Sri Lankan villagers' livelihood. So, almost all the governments that came to power since independence in 1948, seem to have been understood the great need for developing this vital sector (Gamage,

2003). It is the driving force for the achievement of economic development and job creation, contributing at the same time to personal development and effectively dealing with numerous pathogenic social phenomena (Nurwahida, 2007, Sarri, and Trihopoulou, 2005). Moreover, asserted that "in today's world small businesses, and particularly new ones, are seen more than ever as a vehicle for entrepreneurship, contributing not just to employment social and political stability, but also to innovative and competitive power"

Also interest and research in entrepreneurship and entrepreneurship education have been growing over the past few years (Morrison, 2000; Alstele, 2002; Klapper, 2004; Gurol and Atsan, 2006).

Realizing the importance of entrepreneurship for social and economic development of Sri Lanka entrepreneurship is a topic requiring a lot of attention from academicians and researchers. This paper is aimed to study, relationship between psychological characteristics and entrepreneurial inclination of university students to become an entrepreneur in their future.

- I. To evaluate the impact of psychological characteristics on entrepreneurial inclination of students of Faculty of Management Studies and Commerce at the University of Jaffna
- II. To give suggestions of the most influential psychological characteristics which will incline future entrepreneurs

II. LITERATURE REVIEW

a) *The Concept Of Entrepreneurship*

The importance of entrepreneurship has been widely acclaimed for the vital role it plays in shaping the economy for achieving the goal of development in an underdeveloped country. The role of the entrepreneur is of prime importance since entrepreneurship plays an important role in the economic system, which determines the nature and scope of this field. Economic systems grow and take shape under the influence of policy, economic policy, and the socio political and cultural ideas of the people for the survival and success of the business. Entrepreneurship gives a fillip to new organizational forms and the economy bring about

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economic reforms which determine other factors affecting the economy (Drucker, 1985).

Many managers are trying to understand the concept of entrepreneurship, and their own organization can be made more “entrepreneurial”. Managerial scholars and economists have made the entrepreneur as an innovator, a leader, a creator, a discover, an equilibrator. In only a few of these theories, however, is entrepreneurship is linked to asset ownership (Knight, 1921; Casson, 1982; Foss, 1993). Schumpeter (1934) sees entrepreneurship as the “ability of an individual or small group finding or seeking a business opportunity

and matching it with a personal, group or organizational strengths”. Accordingly, this “commercial exploitation of opportunity” is the essence of entrepreneurship.

The entrepreneurship route to success is not just creative, but also opportunity driven (Fry, 1993). Five approaches to defining entrepreneurs and entrepreneurship have been described, (Cunningham & Lischeron, 1991). The “Great Person” approach, the “Psychological Characteristics” approach, the “Classical” approach, the “Management” approach and the “Leadership” approach

Table 1: Approaches to entrepreneurship

	Great person	Psychological characteristics	Classical	Management	Leadership
Behaviours and skills measures	Intuition, Vigour, energy, persistence, self esteem	Personal values, Risk-taking, Need for achievement, Locus of control, Tolerance of ambiguity	Innovation, Creativity, discovery, ability to see opportunities	Expertise, Technical knowledge, Technical planning, People organizing, Capitalization Budgeting.	Motivating, directing, Leading, Personal style; Attitudes.

Source : Cunnigham, J.B & Lischeron, J. (1991), “Defining Entrepreneurship”, *Journal of Small Business management*, 29 (1) : 45-61

In this study by adopting the psychological characteristics school of thought that views entrepreneurs as individuals who have unique values, attitudes and needs which drive them. These characteristics are included in the study because they are the most frequently enumerated as entrepreneurial characteristics in the literature and evidences indicating association between them and entrepreneurship have been widely documented (Koh, 1996). For example, three personality constructs have emerged as “classic” characteristics associated with the entrepreneurial personality: internal locus of control, high need for achievement and a moderate risk taking propensity (Yusof, Sandu & Jain, 2007).

b) Innovativeness

Innovativeness is a vital component of an entrepreneurial orientation because it reflects the organization’s tendency to engage in and support new ideas through experimentation and creative processes that contribute to the development of new products, services, technologies, or processes (Lumpkin & Dess, 1996). Joseph A. Schumpeter’s (1936) definition of innovation included the introduction of a new good, the introduction of a new method of production, the opening of a new market, the conquest of a new source of supply of new materials, or the carrying out of a new endeavor within any industry. It is believed that innovativeness is closely related to entrepreneurship formation. In this line following hypothesis is formulated

H1 : higher level of innovativeness has a positive influence on entrepreneurial inclination.

c) Risk Taking

Risk taking propensity is an important characteristic in entrepreneurs. A person’s risk taking propensity can be defined as his or her orientation towards taking chances in uncertain decision-making contexts (Koh, 1996). Entrepreneurial risk, with the potential for both gains and losses, has been defined as decision making about new ventures, products or processes under conditions of risk and uncertainty (Cornwall & Perlman, 1990). Dickson and Giglierano (1986) discussed two types of risk. “Sinking the boat” risks are the result of factors such as poorly thought-out concepts, bad timing, an already-satisfied market, inadequate marketing and distribution approaches, and inappropriate pricing (Dickson & Giglierano, 1986). “Missing the boat” risks result from being too cautious overlooking or dismissing opportunities, not pursuing a course of action, or delaying action for so long that competitors profit or the market opportunity changes (Dickson & Giglierano, 1986). According to Robbins (2003), risk taking propensity to assume or avoid risk has been shown to have an impact on how long it takes entrepreneurs to make a decision before making their choice. It is believed that entrepreneurs prefer to take moderate risks in situations where they have some degree of control or skill in realizing a profit. Situations which involve either extremes of risk or certainty are not

preferred (McClelland and Winters, 1969). It is expressed that risk taking propensity has positive influence on entrepreneurial inclination. Therefore the following hypothesis is considered

H2 : Higher propensity to take risk has a positive influence on entrepreneurial inclination

d) *Need For Achievement*

In McClelland's (1961), The Achieving Society, the need for achievement trait has been empirically linked to entrepreneurial activity. The need for achievement is defined as a tendency to choose and persist at activities that hold a moderate chance of success or a maximum opportunity of personal achievement satisfaction without the undue risk of failure. Robbins (2003) defines need for achievement is drive to excel, to achieve in relation to a set of standards and to strive to succeed. In addition, Kreifner and Kinicki (2008) need for achievement is to accomplish something difficult. To master, manipulate, or organize physical objects, human beings, or ideas, to do this as rapidly and as independently as possible, to overcome obstacles and attain a high standard, to excel one's self, to rival and surpass others, and to increase self-regard by the successful exercise of talent. According to Wood, Wallace, Zeffane, Chapman, Fromholtz and Marrison (2001) define need for achievement as the desire to do something better, solve problems or master complex tasks. McClelland's theory of need for achievement is strongly related to the entrepreneurship behavior (Duygulu, 2008). According to this theory, individuals who have a strong need to achieve are among those who want to solve problems themselves, set targets and strive these targets thorough their own efforts, demonstrate a higher performance in challenging tasks and are innovative in the sense of looking for new and better way to improve their performance (Littunen, 2000).

Therefore based on the above literature following hypothesis is formulated

H3 : Higher level of need for achievement has a positive influence on entrepreneurial inclination.

e) *Tolerance For Ambiguity*

Budner (1962) defined tolerance for ambiguity as the "tendency to perceive ambiguous situations as desirable," whereas intolerance for ambiguity was defined as "the tendency to perceive ... ambiguous situations as sources of threat" .An ambiguous situation is one in which the individual is provided with information that is too complex, inadequate, or apparently contradictory (Norton, 1975). The person with low tolerance of ambiguity experiences stress, reacts prematurely, and avoids ambiguous stimuli. On the other hand, a person with high tolerance of ambiguity perceives ambiguous situations/stimuli as desirable, challenging, and interesting and neither denies nor

distorts their complexity of incongruity. Mitton (1989) confirmed that entrepreneurs eagerly undertake the unknown and uncertain circumstances. Thus the entrepreneurial inclined individuals are expected to display more tolerance of ambiguity than others. Based on this following hypothesis developed

H4 : Higher tolerance for ambiguity has a positive influence on entrepreneurial inclination

f) *Locus Of Control*

Rotter 1966 defined Locus of Control as an individual's perception about the underlying main causes of events in his/her life. Or, more simply: Individual believes that his/her behavior is guided by his/her personal decisions and efforts (internal); or as unrelated to his or her actions and is guided by fate, luck, or other external circumstances (external). People with internal locus of control believe that they can control what happens in their lives. On the other hand, people with external locus of control tend to believe that most of the events in their lives result from luck, being at the right place at the right time, and the behaviors of powerful people. Research indicates that individuals with internal locus of control often have a more expressed need for achievement (Brockhaus 1982; Lao 1970). Internalizers believe they are in control and are open to new experiences to improve performance (Lussier, 2008). In addition, Kreifner and Kinicki (2008) mention that people who believe they control the events and consequences that affect their lives are said to possess an internal locus of control. Several studies have shown us that internal locus of control has a significant relationship with entrepreneurial intention (Rotter, 1966; Johnson, 1990). According to Low and MacMillan (1988), the individual and the person's psychological attributes are important for the entrepreneurial event.

In line with this following hypothesis is developed

H5 : Higher locus of control has positive influence on entrepreneurial inclination

g) *Entrepreneurial Inclination*

A firm entrepreneurial orientation refers to the entrepreneurial activities, how the entrepreneur undertakes the methods, practices, and decision-making styles to act entrepreneurially. It is similar to what managers in big organization used to act managerially according to Mintzberg (1973). Specifically, entrepreneurial orientation refers to the entrepreneur's disposition to autonomy, encourages experimentation (innovativeness), takes risk, takes initiatives (proactiveness), and aggressively competes within its market. Schafer (1990) advanced Schumpeter's (1934, 1942) definition and they defined innovativeness as the firm's propensity to engage in new idea generation, experimentation, and research and

development activities. This includes the development and enhancement of products and services and new administrative techniques and technologies for performing organizational functions.

III. RESEARCH METHODOLOGY

a) Sampling Framework

Respondents were 100 undergraduate students from faculty of Management Studies and Commerce, at the University of Jaffna. In the Faculty of Management Studies comprise two departments named as Dept.of Management Studies and Dept.of Commerce. Including the departments, first year, second year, third year and final year students were considered to collect the data. A simple random sampling method was used to collect the data. Altogether there were 506 students are in the Faculty of Management Studies and Commerce in August 2010. From them 100 students were randomly selected to the survey.

b) Instrument and Measurement

Data for this study were collected through the questionnaire survey. The questionnaire was developed based on the research framework which was developed earlier. Questionnaire was divided into two parts. Part one of the questionnaire was eliciting demographic and personal characteristics. Part two of the questionnaire comprised 36 statements. There were six sets with six statements. Those six sets expressed innovativeness, risk taking, need for achievements, tolerance for ambiguity, locus of control and entrepreneurial inclination respectively. Items were scored on a 5 point Likert scale ranging from strongly disagree (1) to strongly agree (5).Part two of the questionnaire was extracted from the Yusof, Sandu and Jain (2007) and modified by the researcher.

c) Pilot Test

At the first stage, permission was taken from Dean, Faculty of Management studies and Commerce to collect the data. Initially, to establish reliability and validity of the questionnaire, fifteen questionnaires were distributed with a view to pilot testing. The Cronbach's alpha was used as part of the analysis because it has been a common method for assessing the measure of reliability of entrepreneurship in organizations (Knight, 1997). The reliability coefficient of psychological characteristics of University students and entrepreneurial inclination are listed in table 1. They were relatively high above 0.6 which is indicated the accepted level of reliability (Gliner & Morgan, 2000). Therefore, questionnaire was taken as an acceptable instrument to be administered.

Table 1: Reliability Statistics

Variables	Cronbach' Alpha
Innovativeness	0.699
Risk Taking	0.656
Need for Achievement	0.805
Tolerance for Ambiguity	0.648
Locus of Control	0.830
Entrepreneurial Inclination	0.744

Source : Survey data

d) Data Analysis

Data were analyzed using descriptive and inferential statistics. Also, regression analysis was carried out to examine the relationship between psychological characteristics and entrepreneurial inclination with the aid of Statistical Packages for Social Sciences (SPSS).

IV. RESULTS AND DISCUSSION

Based on the demographic characteristics provided in table 2, It was found that the majority of the respondents are female (51%) and are between 21-25 years of age (97%). With regard to the students' family background in business 35 % of respondents having the business background while 65 % of respondents do not have the business background. Even 35 % of respondents having the business background only 24% of respondents have prior business experience. 76 % of respondents do not have the prior experience in business.

Table 2 : Frequency distribution of sample

Demographic characteristics	Frequency	Percentage
Gender		
Male	49	49%
Female	51	51%
Age		
<20	-	
21-25	97	97%
26-30	3	3%
>30	-	
Family background in business		
Yes	35	35%
No	65	65%
Prior business experience		
Yes	24	24%
No	76	76%

Source : Survey data

Table 3 shows mean, standard deviation and correlations matrix of the variables. The entrepreneurial intention among under graduates of the faculty of management studies and commerce, university of Jaffna was high in terms of innovativeness, risk taking, their need for achievement, and locus of control. The Descriptive Statistics (table 3) showed that the means of need for achievement equal to 4.158 and standard deviations equal to 0.728 followed by innovativeness whose means equal to 3.815 and standard deviations equal to 0.554. It was followed by entrepreneurial

intention whose means and standard deviations equal to 3.725 and 0.707. It was, then, followed by locus of control whose means equal to 3.718 and standard deviations equal to 0.508. For risk taking, its means equal to 3.622 and standard deviation equal to 0.446, respectively. Mean value of tolerance of ambiguity was low (2.738). The analysis revealed that all students have high level of need for achievement, innovativeness, locus of control, risk taking and entrepreneurial intention other than the tolerance of ambiguity.

Table 3 : Mean, Standard deviations and Correlation matrix

Variables	Mean	Std. deviation	1	2	3	4	5	6	7
Innovativeness (1)	3.815	0.554	1						
Risk Taking (2)	3.622	0.446	0.376**	1					
Need for Achievement (3)	4.158	0.728	0.547**	0.299**	1				
Tolerance for Ambiguity (4)	2.738	0.798	-0.013	-0.057	-0.107	1			
Locus of Control (5)	3.718	0.508	0.300**	0.341**	0.467**	-0.108	1		
Psychological Characteristics (1+2+3+4+5) = (6)	18.050	1.77	0.710**	0.563**	0.741**	0.356**	0.608**	1	
Entrepreneurial Inclination(7)	3.725	0.707	0.547**	0.399**	0.387**	-0.095	0.555**	0.546**	1

Source : Survey data

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

Correlation values were computed among all variables to find out whether there was any relationship among the dependent and independent variables. Positive significant correlations were found between entrepreneurial inclinations the dependent variable and

other three independent variables other than tolerance for ambiguity. It means psychological characteristics significantly, positively related to entrepreneurial inclinations ($r = 0.546, p < 0.01$).

V. HYPOTHESES TESTING

Table 4 : Result of Multiple Regression

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-4.461	3.433		-1.299	0.197
	Innovativeness	0.535	0.117	0.419	4.557	0.000
	Risk Taking	0.189	0.131	0.119	1.442	0.153
	Need for Achievement	-0.077	0.093	-0.080	-0.830	0.409
	Tolerance for Ambiguity	-0.061	0.099	-0.046	-0.610	0.543
	Locus of Control	0.585	0.120	0.421	4.871	0.000
R² = 0.484		F = 17.650		Sig = 0.000		

Source : s Source: Survey data

Dependent Variable: Entrepreneurial Inclination

Independent Variables: Innovativeness, Risk Taking, Need for Achievement, Tolerance of Ambiguity, Locus of Control.

Multiple regression analysis was conducted to evaluate the impact of psychological characteristics towards entrepreneurial inclination. Psychological characteristics were composited within the combinations of innovativeness, risk taking, need for achievement, tolerance for ambiguity and locus of control. Value of the coefficient of determination of dimensions of psychological characteristics which was (R^2) 0.484, whilst this result implied that 48.4% percent of the total variance perceived by psychological characteristics towards entrepreneurial inclination. As the model revealed the remaining 51.6% of the variability was not explained. An Analysis of Variance (ANOVA), indicates that; $F = 17.650$, $p < 0.000$, that the model was significant.

By supporting the evidence of multiple regression analysis, Innovativeness and locus of control had positive and significant influence towards entrepreneurial inclination. The result also confirmed to the hypotheses acceptance (H_1 and H_3). Risk taking had positive influence on entrepreneurial inclination but which was not accepted significant level. Need for achievement and tolerance for ambiguity had negative influence on entrepreneurial inclination which was also not significant level and did not confirm the hypothesized sign (H_2 , H_3 and H_4). Those three hypotheses were not accepted in this study.

When compare the innovativeness and locus of control, locus of control had high influence towards on entrepreneurial inclination. ($\beta = 0.421$, $t = 4.871$).

VI. CONCLUSION

The purpose of the study was to evaluate the impact of psychological characteristics on entrepreneurial inclination of students of Faculty of Management Studies and Commerce at the University of Jaffna and to give suggestions of the most influential psychological characteristics which are inclined towards entrepreneurship. It was observed that this group of students had very high need for achievement, was willing to innovate, had a high locus of control and had a high propensity to take risk. Tolerance of ambiguity was moderate. Psychological characteristics together explained 48.4% of the variance in the perception towards entrepreneurial inclination. And among the five psychological characteristics only two had positive significant influence on entrepreneurial inclination. Among those two psychological characteristics locus of control had high influence on entrepreneurial inclination than innovativeness.

This research will provide an appropriate finding that can have some important implications to a number of interest parties. Perhaps, the current study would also provide the guidelines on how this finding can be better used especially for research or academicians. In addition, the study on psychological characteristics might give

significant contribution on the development of the entrepreneurship field.

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18. Pick a good study spot: To do your research studies always try to pick a spot, which is quiet. Every spot is not for studies. Spot that suits you choose it and proceed further.

19. Know what you know: Always try to know, what you know by making objectives. Else, you will be confused and cannot achieve your target.

20. Use good quality grammar: Always use a good quality grammar and use words that will throw positive impact on evaluator. Use of good quality grammar does not mean to use tough words, that for each word the evaluator has to go through dictionary. Do not start sentence with a conjunction. Do not fragment sentences. Eliminate one-word sentences. Ignore passive voice. Do not ever use a big word when a diminutive one would suffice. Verbs have to be in agreement with their subjects. Prepositions are not expressions to finish sentences with. It is incorrect to ever divide an infinitive. Avoid clichés like the disease. Also, always shun irritating alliteration. Use language that is simple and straight forward. put together a neat summary.

21. Arrangement of information: Each section of the main body should start with an opening sentence and there should be a changeover at the end of the section. Give only valid and powerful arguments to your topic. You may also maintain your arguments with records.

22. Never start in last minute: Always start at right time and give enough time to research work. Leaving everything to the last minute will degrade your paper and spoil your work.

23. Multitasking in research is not good: Doing several things at the same time proves bad habit in case of research activity. Research is an area, where everything has a particular time slot. Divide your research work in parts and do particular part in particular time slot.

24. Never copy others' work: Never copy others' work and give it your name because if evaluator has seen it anywhere you will be in trouble.

25. Take proper rest and food: No matter how many hours you spend for your research activity, if you are not taking care of your health then all your efforts will be in vain. For a quality research, study is must, and this can be done by taking proper rest and food.

26. Go for seminars: Attend seminars if the topic is relevant to your research area. Utilize all your resources.

27. Refresh your mind after intervals: Try to give rest to your mind by listening to soft music or by sleeping in intervals. This will also improve your memory.

28. Make colleagues: Always try to make colleagues. No matter how sharper or intelligent you are, if you make colleagues you can have several ideas, which will be helpful for your research.

29. Think technically: Always think technically. If anything happens, then search its reasons, its benefits, and demerits.

30. Think and then print: When you will go to print your paper, notice that tables are not be split, headings are not detached from their descriptions, and page sequence is maintained.

31. Adding unnecessary information: Do not add unnecessary information, like, I have used MS Excel to draw graph. Do not add irrelevant and inappropriate material. These all will create superfluous. Foreign terminology and phrases are not apropos. One should NEVER take a broad view. Analogy in script is like feathers on a snake. Not at all use a large word when a very small one would be

sufficient. Use words properly, regardless of how others use them. Remove quotations. Puns are for kids, not grunt readers. Amplification is a billion times of inferior quality than sarcasm.

32. Never oversimplify everything: To add material in your research paper, never go for oversimplification. This will definitely irritate the evaluator. Be more or less specific. Also too, by no means, ever use rhythmic redundancies. Contractions aren't essential and shouldn't be there used. Comparisons are as terrible as clichés. Give up ampersands and abbreviations, and so on. Remove commas, that are, not necessary. Parenthetical words however should be together with this in commas. Understatement is all the time the complete best way to put onward earth-shaking thoughts. Give a detailed literary review.

33. Report concluded results: Use concluded results. From raw data, filter the results and then conclude your studies based on measurements and observations taken. Significant figures and appropriate number of decimal places should be used. Parenthetical remarks are prohibitive. Proofread carefully at final stage. In the end give outline to your arguments. Spot out perspectives of further study of this subject. Justify your conclusion by at the bottom of them with sufficient justifications and examples.

34. After conclusion: Once you have concluded your research, the next most important step is to present your findings. Presentation is extremely important as it is the definite medium through which your research is going to be in print to the rest of the crowd. Care should be taken to categorize your thoughts well and present them in a logical and neat manner. A good quality research paper format is essential because it serves to highlight your research paper and bring to light all necessary aspects in your research.

INFORMAL GUIDELINES OF RESEARCH PAPER WRITING

Key points to remember:

- Submit all work in its final form.
- Write your paper in the form, which is presented in the guidelines using the template.
- Please note the criterion for grading the final paper by peer-reviewers.

Final Points:

A purpose of organizing a research paper is to let people to interpret your effort selectively. The journal requires the following sections, submitted in the order listed, each section to start on a new page.

The introduction will be compiled from reference matter and will reflect the design processes or outline of basis that direct you to make study. As you will carry out the process of study, the method and process section will be constructed as like that. The result segment will show related statistics in nearly sequential order and will direct the reviewers next to the similar intellectual paths throughout the data that you took to carry out your study. The discussion section will provide understanding of the data and projections as to the implication of the results. The use of good quality references all through the paper will give the effort trustworthiness by representing an alertness of prior workings.

Writing a research paper is not an easy job no matter how trouble-free the actual research or concept. Practice, excellent preparation, and controlled record keeping are the only means to make straightforward the progression.

General style:

Specific editorial column necessities for compliance of a manuscript will always take over from directions in these general guidelines.

To make a paper clear

- Adhere to recommended page limits

Mistakes to evade

- Insertion a title at the foot of a page with the subsequent text on the next page



- Separating a table/chart or figure - impound each figure/table to a single page
- Submitting a manuscript with pages out of sequence

In every sections of your document

- Use standard writing style including articles ("a", "the," etc.)
- Keep on paying attention on the research topic of the paper
- Use paragraphs to split each significant point (excluding for the abstract)
- Align the primary line of each section
- Present your points in sound order
- Use present tense to report well accepted
- Use past tense to describe specific results
- Shun familiar wording, don't address the reviewer directly, and don't use slang, slang language, or superlatives
- Shun use of extra pictures - include only those figures essential to presenting results

Title Page:

Choose a revealing title. It should be short. It should not have non-standard acronyms or abbreviations. It should not exceed two printed lines. It should include the name(s) and address (es) of all authors.

Abstract:

The summary should be two hundred words or less. It should briefly and clearly explain the key findings reported in the manuscript-- must have precise statistics. It should not have abnormal acronyms or abbreviations. It should be logical in itself. Shun citing references at this point.

An abstract is a brief distinct paragraph summary of finished work or work in development. In a minute or less a reviewer can be taught the foundation behind the study, common approach to the problem, relevant results, and significant conclusions or new questions.

Write your summary when your paper is completed because how can you write the summary of anything which is not yet written? Wealth of terminology is very essential in abstract. Yet, use comprehensive sentences and do not let go readability for brevity. You can maintain it succinct by phrasing sentences so that they provide more than lone rationale. The author can at this moment go straight to



shortening the outcome. Sum up the study, with the subsequent elements in any summary. Try to maintain the initial two items to no more than one ruling each.

- Reason of the study - theory, overall issue, purpose
- Fundamental goal
- To the point depiction of the research
- Consequences, including definite statistics - if the consequences are quantitative in nature, account quantitative data; results of any numerical analysis should be reported
- Significant conclusions or questions that track from the research(es)

Approach:

- Single section, and succinct
- As a outline of job done, it is always written in past tense
- A conceptual should situate on its own, and not submit to any other part of the paper such as a form or table
- Center on shortening results - bound background information to a verdict or two, if completely necessary
- What you account in an conceptual must be regular with what you reported in the manuscript
- Exact spelling, clearness of sentences and phrases, and appropriate reporting of quantities (proper units, important statistics) are just as significant in an abstract as they are anywhere else

Introduction:

The **Introduction** should "introduce" the manuscript. The reviewer should be presented with sufficient background information to be capable to comprehend and calculate the purpose of your study without having to submit to other works. The basis for the study should be offered. Give most important references but shun difficult to make a comprehensive appraisal of the topic. In the introduction, describe the problem visibly. If the problem is not acknowledged in a logical, reasonable way, the reviewer will have no attention in your result. Speak in common terms about techniques used to explain the problem, if needed, but do not present any particulars about the protocols here. Following approach can create a valuable beginning:

- Explain the value (significance) of the study
- Shield the model - why did you employ this particular system or method? What is its compensation? You strength remark on its appropriateness from a abstract point of vision as well as point out sensible reasons for using it.
- Present a justification. Status your particular theory (es) or aim(s), and describe the logic that led you to choose them.
- Very for a short time explain the tentative propose and how it skilled the declared objectives.

Approach:

- Use past tense except for when referring to recognized facts. After all, the manuscript will be submitted after the entire job is done.
- Sort out your thoughts; manufacture one key point with every section. If you make the four points listed above, you will need a least of four paragraphs.
- Present surroundings information only as desirable in order hold up a situation. The reviewer does not desire to read the whole thing you know about a topic.
- Shape the theory/purpose specifically - do not take a broad view.
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Procedures (Methods and Materials):

This part is supposed to be the easiest to carve if you have good skills. A sound written Procedures segment allows a capable scientist to replacement your results. Present precise information about your supplies. The suppliers and clarity of reagents can be helpful bits of information. Present methods in sequential order but linked methodologies can be grouped as a segment. Be concise when relating the protocols. Attempt for the least amount of information that would permit another capable scientist to spare your outcome but be cautious that vital information is integrated. The use of subheadings is suggested and ought to be synchronized with the results section. When a technique is used that has been well described in another object, mention the specific item describing a way but draw the basic



principle while stating the situation. The purpose is to text all particular resources and broad procedures, so that another person may use some or all of the methods in one more study or referee the scientific value of your work. It is not to be a step by step report of the whole thing you did, nor is a methods section a set of orders.

Materials:

- Explain materials individually only if the study is so complex that it saves liberty this way.
- Embrace particular materials, and any tools or provisions that are not frequently found in laboratories.
- Do not take in frequently found.
- If use of a definite type of tools.
- Materials may be reported in a part section or else they may be recognized along with your measures.

Methods:

- Report the method (not particulars of each process that engaged the same methodology)
- Describe the method entirely
- To be succinct, present methods under headings dedicated to specific dealings or groups of measures
- Simplify - details how procedures were completed not how they were exclusively performed on a particular day.
- If well known procedures were used, account the procedure by name, possibly with reference, and that's all.

Approach:

- It is embarrassed or not possible to use vigorous voice when documenting methods with no using first person, which would focus the reviewer's interest on the researcher rather than the job. As a result when script up the methods most authors use third person passive voice.
- Use standard style in this and in every other part of the paper - avoid familiar lists, and use full sentences.

What to keep away from

- Resources and methods are not a set of information.
- Skip all descriptive information and surroundings - save it for the argument.
- Leave out information that is immaterial to a third party.

Results:

The principle of a results segment is to present and demonstrate your conclusion. Create this part a entirely objective details of the outcome, and save all understanding for the discussion.

The page length of this segment is set by the sum and types of data to be reported. Carry on to be to the point, by means of statistics and tables, if suitable, to present consequences most efficiently. You must obviously differentiate material that would usually be incorporated in a study editorial from any unprocessed data or additional appendix matter that would not be available. In fact, such matter should not be submitted at all except requested by the instructor.

Content

- Sum up your conclusion in text and demonstrate them, if suitable, with figures and tables.
- In manuscript, explain each of your consequences, point the reader to remarks that are most appropriate.
- Present a background, such as by describing the question that was addressed by creation an exacting study.
- Explain results of control experiments and comprise remarks that are not accessible in a prescribed figure or table, if appropriate.
- Examine your data, then prepare the analyzed (transformed) data in the form of a figure (graph), table, or in manuscript form.

What to stay away from

- Do not discuss or infer your outcome, report surroundings information, or try to explain anything.
- Not at all, take in raw data or intermediate calculations in a research manuscript.

- Do not present the similar data more than once.
- Manuscript should complement any figures or tables, not duplicate the identical information.
- Never confuse figures with tables - there is a difference.

Approach

- As forever, use past tense when you submit to your results, and put the whole thing in a reasonable order.
- Put figures and tables, appropriately numbered, in order at the end of the report
- If you desire, you may place your figures and tables properly within the text of your results part.

Figures and tables

- If you put figures and tables at the end of the details, make certain that they are visibly distinguished from any attach appendix materials, such as raw facts
- Despite of position, each figure must be numbered one after the other and complete with subtitle
- In spite of position, each table must be titled, numbered one after the other and complete with heading
- All figure and table must be adequately complete that it could situate on its own, divide from text

Discussion:

The Discussion is expected the trickiest segment to write and describe. A lot of papers submitted for journal are discarded based on problems with the Discussion. There is no head of state for how long a argument should be. Position your understanding of the outcome visibly to lead the reviewer through your conclusions, and then finish the paper with a summing up of the implication of the study. The purpose here is to offer an understanding of your results and hold up for all of your conclusions, using facts from your research and generally accepted information, if suitable. The implication of result should be visibly described. Infer your data in the conversation in suitable depth. This means that when you clarify an observable fact you must explain mechanisms that may account for the observation. If your results vary from your prospect, make clear why that may have happened. If your results agree, then explain the theory that the proof supported. It is never suitable to just state that the data approved with prospect, and let it drop at that.

- Make a decision if each premise is supported, discarded, or if you cannot make a conclusion with assurance. Do not just dismiss a study or part of a study as "uncertain."
- Research papers are not acknowledged if the work is imperfect. Draw what conclusions you can based upon the results that you have, and take care of the study as a finished work
- You may propose future guidelines, such as how the experiment might be personalized to accomplish a new idea.
- Give details all of your remarks as much as possible, focus on mechanisms.
- Make a decision if the tentative design sufficiently addressed the theory, and whether or not it was correctly restricted.
- Try to present substitute explanations if sensible alternatives be present.
- One research will not counter an overall question, so maintain the large picture in mind, where do you go next? The best studies unlock new avenues of study. What questions remain?
- Recommendations for detailed papers will offer supplementary suggestions.

Approach:

- When you refer to information, differentiate data generated by your own studies from available information
- Submit to work done by specific persons (including you) in past tense.
- Submit to generally acknowledged facts and main beliefs in present tense.

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<i>Introduction</i>	Containing all background details with clear goal and appropriate details, flow specification, no grammar and spelling mistake, well organized sentence and paragraph, reference cited	Unclear and confusing data, appropriate format, grammar and spelling errors with unorganized matter	Out of place depth and content, hazy format
<i>Methods and Procedures</i>	Clear and to the point with well arranged paragraph, precision and accuracy of facts and figures, well organized subheads	Difficult to comprehend with embarrassed text, too much explanation but completed	Incorrect and unorganized structure with hazy meaning
<i>Result</i>	Well organized, Clear and specific, Correct units with precision, correct data, well structuring of paragraph, no grammar and spelling mistake	Complete and embarrassed text, difficult to comprehend	Irregular format with wrong facts and figures
<i>Discussion</i>	Well organized, meaningful specification, sound conclusion, logical and concise explanation, highly structured paragraph reference cited	Wordy, unclear conclusion, spurious	Conclusion is not cited, unorganized, difficult to comprehend
<i>References</i>	Complete and correct format, well organized	Beside the point, Incomplete	Wrong format and structuring



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