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Why are They Cheating? –Mislabeling Pork in Chongqing Wal-Mart

By Liao Minchao

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Introduction- Recent years, in China, it is easy to find that we are suffering the food safety crisis. The food safety and quality are closely related to our life and draws much attention in public. However, repackaging of expired food, counterfeit and substandard food issues are very common. Even more astonishing is that even those big international supermarkets with high reputation, like Carrefour and Wal-Mart, repeated cheating customers on food issues. The reasons behind this phenomenon provoke a deep thinking.

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Why are They Cheating? --Mislabeling Pork in Chongqing Wal-Mart

Liao Minchao

I. INTRODUCTION

Recent years, in China, it is easy to find that we are suffering the food safety crisis. The food safety and quality are closely related to our life and draws much attention in public. However, repackaging of expired food, counterfeit and substandard food issues are very common. Even more astonishing is that even those big international supermarkets with high reputation, like Carrefour and Wal-Mart, repeated cheating customers on food issues. The reasons behind this phenomenon provoke a deep thinking.

A deviation from maintaining good ethical behaviors can have disastrous results, one of the most famous being the story of Enron. In business, ethics is about managing risks as an organization, no matter what individual beliefs or standards are (Michael, 2012). This essay will firstly demonstrate how this Wal-Mart cheating behavior is, analyze Wal-Mart's unethical behavior and the reasons behind, show the ethical issues and related stakeholders, and then give the alternatives and solutions by using the ethical guidance.

II. CASE INTRODUCTION

In September, 2011, Wal-Mart in Chongqing, China, was found selling high prices of "green pork", labeling that these pork are organic. However, in fact, those so-called "green pork" are just common cold fresh meat with much lower value. Surprisingly, the Wal-Mart stores were accused of selling more than 63,500 kilograms (14.4 tons) of mislabeled pork for about 20 months, the official Xinhua News Agency said, citing the director of the Chongqing Administration of Industry and Commerce, Huang Bo. This cheating behavior violates the legitimate rights and interest of consumers. The Chongqing Wal-Mart group apologized to customers for their unethical behavior and the inconvenience they have caused.

Remarkably, it's not the first time for Wal-Mart to cheat its customers; since it began operating in Chongqing in 2006, it had been repeatedly punished 20 times for violating food standards and other rules. In particular, this food cheating behavior is the least harmful one among 21 times unethical behavior, but

Wal-Mart get the most serious punishment this time. The Chongqing government fined Wal-Mart with 2.69 million Yuan, which is 5 times of their illegal income. And the police had detained some of its employees who are related to this "green pork" incident. What's more, 13 stores of Chongqing Wal-Mart were asked to close for 15 days. The earlier 20 fines for Wal-Mart did not include "close the stores"; this closing stores' punishment for 15 days may cause Wal-Mart lose more than million. In addition, when asking the reasons for why they sold fake "organic pork", Wal-Mart once argued that it's because when dividing the pork, the employees mixed up the "organic pork" and "ordinary pork", and the management advocated they did not know. But this argument was subverted by pork suppliers, advocating that employees who divided the pork are very professional, they will never make stupid mistakes like that. Therefore, this case becomes rather complex and astonishing. If it's the first time Wal-Mart ignore the basic rights of consumers, this unethical behavior may not infuriate public.

III. ETHICAL ISSUES IN THIS CASE

a) *Indifferent and Illegal*

Wal-Mart's pork scandal is not only indifferent behavior but also illegal. There are two reasons why Wal-Mart's scandal is regarded as indifferent and illegal. Firstly, Wal-Mart is completely indifferent to consumers' right to know the truths and interest. Secondly, Wal-Mart's cheating behavior violates the law of "Mark green food management methods" in China. Detailed analyses of these two accusations are as follows. Indeed, Wal-Mart's mislabeled pork did not do any harm, after all, the pork they sold do not consist any pernicious substance. That means, the quality of the pork itself has no problem. However, the quality of organic pork and ordinary pork is different. More importantly, the prices of these two kinds of pork are quite different. Wal-Mart took advantage of consumers by mislabeling the pork, which will be took as "indifference" behavior. Ironically, even though many retailers advocate "the customer is God", which means they put their customers in the first place, actually, when profit comes, they will totally ignore the interest of consumers but put their own benefit in the first place. And Wal-Mart's lying behavior becomes a satire

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because its indifference to consumers exactly opposite with its propaganda of “save money, live better”.

b) Lack of effective supervision and serious punishment.

This case brought problems of lacking effective supervision and serious punishment to light. It is not only about cheating consumers, but more about the reasons behind “cheating even after 20 times punished by the government”. There are two reasons that make a top ten retailer company to take the risk of ruin its reputation doing unethical things. With no doubt, the first one is profit. They can achieve huge benefits by selling mislabeled “organic pork”, and they think it's not easy for consumers to discover. Therefore, their own supervision within the company is not strict, that means, they ignore managing and supervising the quality of food because they think it's not important, the most important thing they think is the profit. Secondly, even its cheating behavior was found by government supervision department, the punishment is too gentle to this retail tycoon. It won't learn a lesson from punishment and will still take the risk doing unethical things, because the money they gain by cheating is much more than the fine. As the fine was decided according to the “Food Safety Law” in China, government should use “industry rules” to increase the fines, or adjust the regulations such as deciding the fine according to its annual turnover.

c) *Theory of firm—pluralist*

We can conclude from the case, effective supervision and management is very essential. Firstly, government should supervise strictly. The pluralist perspective insists that “capitalism need to be supervised and regulated to ensure compatibility with broader societal aims” (Colin Fisher, Alan Lovell, 2009). If the government has strict supervise system, and rigorous punishment for those companies who done bad, Wal-Mart's cost of cheating will become higher, then it will respect the law and behave well. And in this case we can see, this time, the punishment is serious enough, if this kind of punishment comes earlier, Wal-Mart may not repeat making mistake. Secondly, a good management system by the company inside is also important. Only the company itself is aware of the important of food quality, and supervises the quality of food strictly, can they avoid this kind of scandal, and keep the company's reputation.

IV. RELEVANT STAKEHOLDERS AND THEIR STAKE

a) *Consumers*

In this case, Wal-Mart took advantage of the consumers, making them the biggest victims.

Consumers have the right to enjoy a good product with fair price, and have the right to know the truth. But consumers was cheated by Wal-Mart and paid more money to buy a lower value food. What's more, after this cheating scandal, 13 stores were asked to closed for 15 days, this brings inconvenience to customers who always buy things in Wal-Mart. Consumers should ask for compensation from Wal-Mart.

b) *Suppliers of Wal-Mart*

Suppliers of Wal-Mart lost benefit from this unethical behavior. Records show that the purchase of “organic pork” of Wal-Mart has been decreased since they mislabeled the “green pork”, because Wal-Mart used cheaper ordinary pork instead. It is obvious that Wal-Mart indirectly harm the interest of organic pork suppliers. In addition, as 13 stores of Chongqing Wal-Mart were asked to close for 15 days after this cheating scandal, suppliers lost benefit under this circumstance.

c) *Government (especially the supervision department)*

Government has the responsibility to supervise the companies, ensuring the existing regulations can protect the basic right of consumers. The impact on government from this case has too sides. On the one side, the serious punishment for Wal-Mart this time showed that the government is serious about the right of consumers, and this may won public trust for government. However, on the other side, an survey on the internet investigated to what extent people think the government has protected the consumers, 70% argues it's too late to give serious punishment after 20 times cheating. Because Wal-Mart has cheated customers 21times, this case also arouse the suspicious about our government. Some are showing their dissatisfaction about our government's late effective methods. The government should do more to win its reputation and trust among public, such as give unethical companies bigger fines helping then behave better, and warn those who want to do unethical things by “beat the dog before the lion”.

d) *Other competitor companies*

The impact on Wal-Mart's competitor companies has two sides. Before this scandal is reveled to public, it has negative influence on competitor companies. The companies originally enjoy the right of fair competition and an ethical business market, but Wal-Mart made profit by cheating consumers which violated the fair competition and ethical market environment. After this cheating scandal reveled to public, it has positive influence on competitor companies. As lots of consumers won't trust Wal-Mart anymore thus they tend to buy things in other supermarkets, a survey on the internet shows that many Wal-Mart's consumers now tends to buy things in other

supermarkets, this actually brings benefit of Wal-Mart's competitors.

e) *Wal-Mart stores*

The impact on Wal-Mart stores also should be divided by stages. At first, Wal-Mart gained a lot profit by mislabeling the pork. It seems that it's the winner. But after this cheating scandal, the fine made the company lost 2.69 million. And the stores need to pay the consumers compensations. And consumers should provide the cashier bills or check the monitoring recording from that day they bought the pork, and then get the compensation. The compensation is equivalent to double the amount of the price sold. What's more, Wal-Mart lost its reputation in public, which means, it may loss regular and potential consumers. Wal-Mart's lost after this scandal cannot be accurately calculated. Wal-Mart eventually hurt itself.

f) *Media*

Media won public reputation this time. Media have the responsibility to discover and report the "true picture" of events. In this case, Wal-Mart did unethical behavior by hiding the truth, and this scandal was firstly found by a consumer's while-blowing, without media, public will not discover the truth and know the whole cheating scandal clearly. Also, without media, the police and government won't take measures immediately. Furthermore, media played an essential role in arousing public awareness about quality of food this time, also in helping government discover the truth and warning other companies behave well. Media's timely report and powerful influence is helpful for preventing unethical behaviors, making it also won public reputation this time.

V. ETHICAL GUIDANCE OF THIS CASE

a) *Deontology*

The deontology insists that lying is always wrong, that means the Wal-Mart has the duty to tell the truth, the cheating behavior cannot be tolerated. What's more, consumers have the right to know the truth; their right should be respected and protected.

The Golden Rule in Buddhism gives a great ethical guidance here. It says that "hurt not others in ways that you yourself would find hurtful". This principle can help preventing indifference to others. Wal-Mart is indifferent to the consumers' lost because it thinks it's not its own loss, on the contrary, it gains profit from consumers' loss. However, it ignored the long term benefit, which is its reputation. If Wal-Mart lost its reputation, it will lose its customers and lost the leading position in retail market. That means, if Wal-Mart hurt its customers, eventually, it itself will be hurt. Only Wal-Mart respect its consumers, try to benefit its consumers, making a win-win situation, can it gain more.

VI. ALTERNATIVES

On the Wal-Mart website, we can easily find its goal, it says "saving people money to help them live better was the goal that Sam Walton envisioned when he opened the doors to the first Wal-Mart more than 40 years ago". But in this case, we can just see the totally contrary goal about take advantage of its customers and make them live worse. Wal-Mart's reputation was thoroughly damaged by this 21th cheating. From the Wal-Mart company aspect, there are actually 3 alternatives:

a) *Strict management of food purchase channels*

Wal-Mart once said that this mislabeling pork behavior is a result of mistakes made by employees and managers did not know it. No matter it's an excuse or not, Wal-Mart should improve its management, build a strict supervision system of the food they purchase, develop a strict management system that ensure the quality of the food.

b) *Treating customers sincerely*

Only by treating customers sincerely rather than cheating them, Wal-Mart will win long term benefit rather than a short term profit. And only win the consumers trust and build a good reputation in the public, can Wal-Mart operates well in the future. There is an old Chinese saying that is "If you would not be known to do anything, never do it". Wal-Mart knows that the supervision in China is not strict, so it chooses to do unethical things and begs no one will discover. However, justice has long arms. Once Wal-Mart lost its reputation by cheating, it lost huge. And it need long time to rebuild the reputation.

c) *Compensate its suppliers*

As this scandal also made Wal-Mart's suppliers lost money, if Wal-Mart want to rebuild its reputation and shows its determination to deal with this scandal seriously, it should compensate its suppliers and rebuild a good relationship with them.

As this is the 21th cheating consumers for Wal-Mart, which shows the problems of ineffective supervision and management, there are also alternatives for government and consumers.

- 1) Government should severely punish the companies who done unethically, such as give them big fines. That means, the coming fines will make companies lost much more than they gained from doing unethical things, and then the companies won't repeat making mistakes like this.
- 2) Consumers should choose the stores which always behave ethically, and strengthen the awareness of identifying the quality of goods. Consumers also need to use laws to protect their own right. To be

more specific, if they find anything that violates their right and interest, they can whistle blowing and ask for compensations.

VII. SOLUTIONS

a) From Wal-Mart aspect

- i. Compensation consumers: Firstly Wal-Mart should give a sincere apologize to the consumers and then give them reasonable compensation for their loss. The compensation is equivalent to double the amount of the price sold. According to the "protection of consumers' rights and interests" law processing in China, consumers shall provide the cashier bills or check the monitoring recording from that day they bought the pork firstly, and then get the compensation.
- ii. Reshape the reputation by really care about customers: Wal-Mart should ensure there is no cheating any more, try to benefit its consumers with more favorable goods. Using high-quality food and sincere services to win back consumers.
- iii. Develop a code of supervises food and effective management system. The Wal-Mart management should pay more attention in supervise the quality of the goods they sold. Only they themselves did some change, and did they have excellent and effective management, can they be better and won the trust of customers.

b) From government aspect

- i. Build more formal channels for public to blow the whistle on unethical behaviors. This can spark public supervision on companies. Also, internally, employees in companies should do whistle blowing if they find unethical things happen within. Government may give some reward to those employees in order to motivate who do whistle blow. When people are all involved, the supervision becomes powerful.
- ii. Impose big fines or prison sentences if the case is serious or even withdraw the license of companies who done badly. Only with strict punishment regulations, the companies will consider the cost of cheating consumers and respect the laws.

c) From consumers' aspect

Improve consumers' own awareness of identify the quality of food, if consumers find any unqualified food or other goods, they should blow a whistle, tell the media, or resort to law to protect its own right.

VIII. CONCLUSION

Wal-Mart's mislabeling pork scandal is a satire about cheating and indifference to the consumers but

eventually hurt its own benefit. This scandal happened after 20 times violated the law in China, which really provokes our Chinese government's and Wal-Mart management's reflection. Therefore, as a company, reputation is always essential, try to behave ethically and be sincere to the customers is the golden rule for long term business operation. And for the government, strict supervision and serious punishment should be conducted to help this free market become better.

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Case Study Business Process Re-Engineering of Supply Chain Activities in Attock Petroleum Limited (APL)

By Saba Idrees

Abstract- Organizations in the modern age are being challenged by many difficulties because of the rapid advancements in technology while using old and traditional techniques for the running of their processes. To increase the competitiveness of the organization and to improve the sustainability of the company, the concept of Business process re-engineering is being adopted which involves the radical redesign of process by tossing aside the existing ways and methods. The main objective of this case study is to explore the possibilities for improvement in the processes of Attock Petroleum Limited (APL) such as supply chain management with the technique of business process reengineering as the traditional approach is affecting the performance of the company. Data has been collected through unstructured interviews from the engineering personnels in the company and from the company website.

Keywords: *business process re-engineering, supply chain, attock petroleum limited, vehicle tracking system, auto tank guaging(atg), centralised data acquisition centre.*

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CASESTUDYBUSINESSPROCESSREENGINEERINGOFSUPPLYCHAINACTIVITIESINATTOCKPETROLEUMLIMITEDAPL

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Case Study Business Process Re-Engineering of Supply Chain Activities in Attock Petroleum Limited (APL)

Saba Idrees

Abstract- Organizations in the modern age are being challenged by many difficulties because of the rapid advancements in technology while using old and traditional techniques for the running of their processes. To increase the competitiveness of the organization and to improve the sustainability of the company, the concept of Business process re-engineering is being adopted which involves the radical redesign of process by tossing aside the existing ways and methods. The main objective of this case study is to explore the possibilities for improvement in the processes of Attock Petroleum Limited (APL) such as supply chain management with the technique of business process reengineering as the traditional approach is affecting the performance of the company. Data has been collected through unstructured interviews from the engineering personnels in the company and from the company website. Along with that extensive study has been carried out from the existing literature. By applying BPR techniques: the installation of vehicle tracking system, auto tank gauging and establishment of centralised data acquisition centre the company would be able to increase its sales volume by 20% and reduce its human resource by 30% thereby resulting in savings for the company.

Keywords: *business process re-engineering, supply chain, attock petroleum limited, vehicle tracking system, auto tank gauging (atg), centralised data acquisition centre.*

I. INTRODUCTION

A business process is an activity which involves group of tasks that are achieved in a manner that provide satisfaction to the needs of the users and also they are directed to give them value, in order to meet the strategic goal of any organization. It is very important to properly manage the tasks in order to manage the processes effectively so that it becomes easy to meet the operational objective of the organization (Berber, Baosic & Pasula, 2011). To increase the competitiveness of the organization and to improve the sustainability of the company the concept of business process reengineering emerges which improves the overall condition of the company by implying new and improved ways. (Magutu, Nyamwange & Kaptoge, 2010).

Business process reengineering is the concept in which all the processes of an organization or the company are redesigned in a way that they are invented

again and no same task is revised thus it is the radical redesigning of all the processes of the organization. It is done to improve the existing condition of the organization by implying new and improved ways thus lowers the cost and improves the profitability of the organization.

Year 1990 was the year of business process reengineering success especially when Michael Hammer and James Champy published their bestselling book "Reengineering the corporation", according to their concept business process reengineering is necessary in order to make the company profitable by lowering its cost, it was needed in that era because most of the companies in USA were suffering from losses therefore the researchers gave this idea to improve their condition.

The main objective of this case study is to explore the possibilities for improvement in the processes of Attock Petroleum Limited (APL) such as supply chain management with the technique of business process reengineering. Supply chain management is a process by which a company finds the raw components or material that is needed to make its final product, reengineering in supply chain management means exploring new and improved ways of producing the product which in turn lowers the cost and this maximizes the profit.

According to Briggs and Tolliver (2012) the petroleum industry supply chain is like the supply chain of any other industry, composed of intricate entities that extend from the oil fields to the gasoline stations. The upstream petroleum supply chain has always been considered complex compared to other process industries, such as pharmaceuticals. However, the logistics function is one of the areas that affect supply chain performance in the petroleum industry.

II. COMPANY'S PROFILE

APL is the 3rd largest oil marketing company of Pakistan after Pakistan state oil (PSO) and Shell and was established in 1998. The main aim of the company is to continuously provide quality and environment friendly petroleum products and related services to industrial, commercial and retail consumers, and exceeding their expectations through reliability,

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economy and quality of products and services. APL is committed to benefiting the community and ensuring the creation of a safe, responsible and innovative environment geared to client satisfaction, end user gratification, employees' motivation and shareholders' value.

III. COMPANY'S OPERATIONS

APL is procuring its product from Attock Refinery Limited, National Refinery Limited, PARCO refinery and imported product through Jetty. Currently the company is operating from the following supply points.

- Rawalpindi
- Machike. sheikhupura
- Karachi
- Gatti, Faisalabad
- TarraJabba, Peshawar
- Vehari, Sindh
- Mehmood kot, Muzzafargarh
- Shikarpur, Sindh
- Habibabad, Lahore

IV. PROBLEM IN COMPANY'S PROCESS

Supply chain is believed to be back bone of any oil marketing company like APL where it plays a vital role in successful operation. It consists of the processing, transportation, marketing, and distribution of petroleum products, and it is usually characterized as a mature, rather competitive, and complex industry (Hackworth & Shore, 2004). In APL, traditional approach towards supply chain is denting the company's growth to a great deal.

V. LITERATURE REVIEW

Organizations in past considered their structure and behavior in order to defend their evolution and adaption in dynamic and rapidly changing environment. Change has always been the major cause in any organization, though it was predictable, incremental and evolutionary but today it is rapid, unalarmed and unpredictable.

One of the major development of management studies is business process reengineering around 1990's. Hammer and Champy (1993) and Davenport (1993) introduced the approach to redesign business processes for creating profit and restructure the whole business using engineering methodology.

According to Aghassi (1994), the process reengineering often seem as one of the tools to justify the organizational business processes. Davenport himself describes business process reengineering as "the fad that forgot people". 1990's have been a decade

of retrenchment in spite of enlargement for most businesses, and found that in fact US, UK and German organizations change in size enlarger rather than organizations which appear to occupy the reengineering .

At core business process reengineering involves structural changes and processes within the business environment. It helps to change whole organizational, technical, human dimensions.

Over the past couple of years, it gained much importance and involved in increased circulation of businesses on larger parts of the world, because of that many try to learn, implement and successfully applied a real business process reengineering (Davenport, 1993). Today more than 120 businesses from small to medium size in Greece and thousands in Europe have been with such type of re design organizational structures.

Kallio, Aarinen, Tinnila and Vepsälaine (1999) explains business process reengineering as one of the strategy developed to improve companies entire business processes.

Common fundamental approaches highlighted supply chain management, business process reengineering, business process improvement philosophies. It is argued that those who work with supply chain management in their businesses, have already undergone business process reengineering and therefore reengineered their own processes, so the business process reengineering and supply chain management traveled the same path far ago. Once businesses integrated supply chain management, they processed with the greatest benefits. (Wisnosky, Dennis & Batteau, 1990)

According to global supply chain forum, it is integration of key business processes from end user through original suppliers that provide products, services, information that add value for the customers and other stakeholders. (Chan & Qi, 2003).

Improvement in supply chain management can be shown with the help of business renovation, effective information technology utilization and techniques of business process reengineering modeling. By reformation and different business processes integration between companies at various tiers in the chain, the performance gets enhanced ultimately. (Wisnosky et al, 1990).

Thus the ultimate purpose of supply chain management is to enable specialization and economies of scale and to be successful, business process reengineering projects need to be top down, taking in the complete organization, and the full end to end processes. It needs to be supported by tools that make processes easy to track and analyze. (Hunt, 1996. Hammer & Champy, 1993).

VI. CASE PRESENTATION

Attock Petroleum Limited (APL) intends to build a world class infrastructure for the receipt and distribution of petroleum products throughout the country. Every day millions of liters of refined product is received from the refineries through pipelines or road trucks, stored in storage tanks and hundreds of vehicles roll out from the oil installations to travel vast stretches of the Indus Valley, deserts in the south and mountainous ranges in the north to reach its customers.

APL supply chain intends to ensure that each product is delivered to its customers at the right time in the right quantity and quality.

VII. BUSINESS PROCESS RE-ENGINEERING AT COMPANY

It is suggested that the whole process should be re-engineered and technological advancements should be used to help develop better mechanism for the company. e.g one major issue is that retailers illegally purchases fuel from other sources because of several un avoidable reasons, which in

return effects the profits of the company. so if the company opt for installation of auto tank gauging at all its retail outlets and a centralized data acquisition center, logistic department will get a real time picture about stocks at all its locations.

Also it will benefit to get first hand information of fuel levels at stations, so the logistic department can arrange for the supply in advance and avoid the station to get dry. Another addition which may benefit the company is to install tracking system on all its fleet vehicles. This will help supply chain department to figure out the actual time required by a particular fuel to get to its location, when in transit.

VIII. AIM OF BUSINESS PROCESS REENGINEERING

It is proposed to introduce vehicle tracking system, Auto tank gauging and other technological advanced equipment for effective utilization of resources. By these additions, product adulteration and or theft of fuel can also be controlled and it will definitely help company to gain customer satisfaction and capture better market share.

Supply Chain Cycle (Product Receipt)

Step#	Event description	Process Title
1.	All OMCs raises their demand every month to the refineries across Pakistan, based on their respective forecasted sales, storage capacities, shutdowns, etc.	Product demand
2.	All refineries issue a product allocation sheet that depicts the volumes up liftments for every OMC. Refineries are bound to follow the regulations imposed by Oil and Gas regulatory authority (OGRA) and Oil companies advisory committed (OCAC).	Product allocation
3.	The product is then transferred to OMC's terminals through pipelines, tank trucks etc.	Product receipt

Supply Chain Cycle (Product Dispatch)

Once the product is received at OMC's terminals it is dispatched to its customers including its retail network, power generation companies, industries, Pakistan Army etc. Steps involved in this cycle is as under

Step#	Event description	Process title
1.	Payment in advance by the customers by mean of payorder, demand draft etc. in favor of APL.	Product Payment
2.	APL logistic section arranges for the suitable vehicle as per product volume, area of disptach etc.	Logistic
3.	Issuance of PUA (Product up liftment authorization) to the customers representative by APL finance section at terminal.	Invoicing
4.	The PUA is then transferred to the APL operations department for filling of product into tank truck. The product in exact volume is handed over the customers representative after sealing truck outlets valves.	Operations
5.	The tank truck then leaves the terminal for its designated location.	Transshipment
6.	Product is off loaded for onward utilization.	Product delivery

Human Resources

#	Designation	No of staff	Process title	Department	Location
1.	Business support officer	57	Invoicing & Product payment	Finance	All
2.	Executives	26	Invoicing, Product payment, Logistics, Opearitions,	Finance, Logistics, opearitions	All
3.	Sr. Executives	07	Product demand, logistics, Operations	Supply chain	All
4.	Assistant Manager	03	Product demand, Invoicing	Supply chain	Head Office
5.	Managers	02	Operations, Product demand and receipt	Supply chain	Head Office
6.	Assistant General Manager	01	Supply chain cycle	Sales & Marketing	Head Office
7.	General Manager	01	Finance	Finance and Accounts	Head Office
	Total	97			

IX. METHODOLOGY

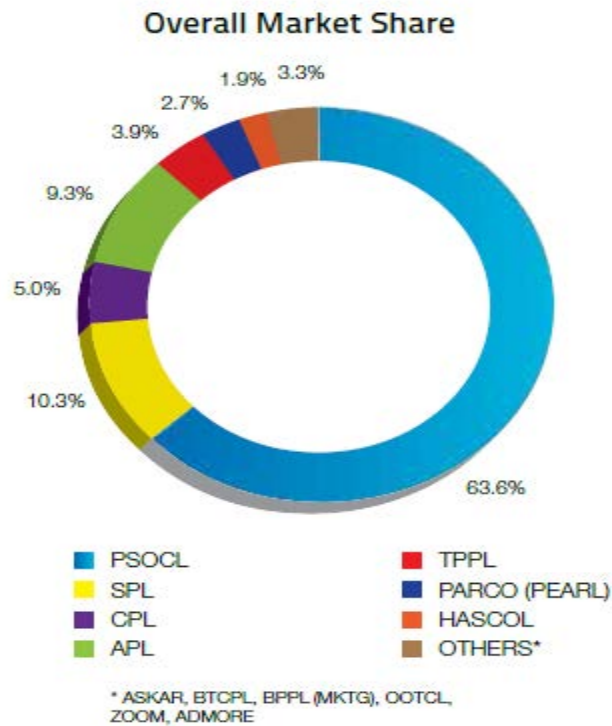
Data has been collected through unstructured interviews from the engineering personnels in the company. Along with that extensive study has been carried out from the existing literature. Company's website is also visited to get information.

X. BUSINESS PROCESS IMPROVEMENT

After proposed reengineering of company's supply chain algorithm, following outcomes / betterments are expected.

- Increase in company's sale volumes.
- Just in time product availability at all sale points which in return increases customers trust in company.
- Better utilization of companys resources

- Deduction in company's operating cost due to involvement of lesser human resources
- Better & advance product sourcing and distribution planning.
- No chance of theft of product during transportation.
- Cost reduction in logistics of product
- Cutting margins of competitor & increasing company's market share



Source: Oil Companies Advisory Committee (OCAC)

- Ensure Quality of product



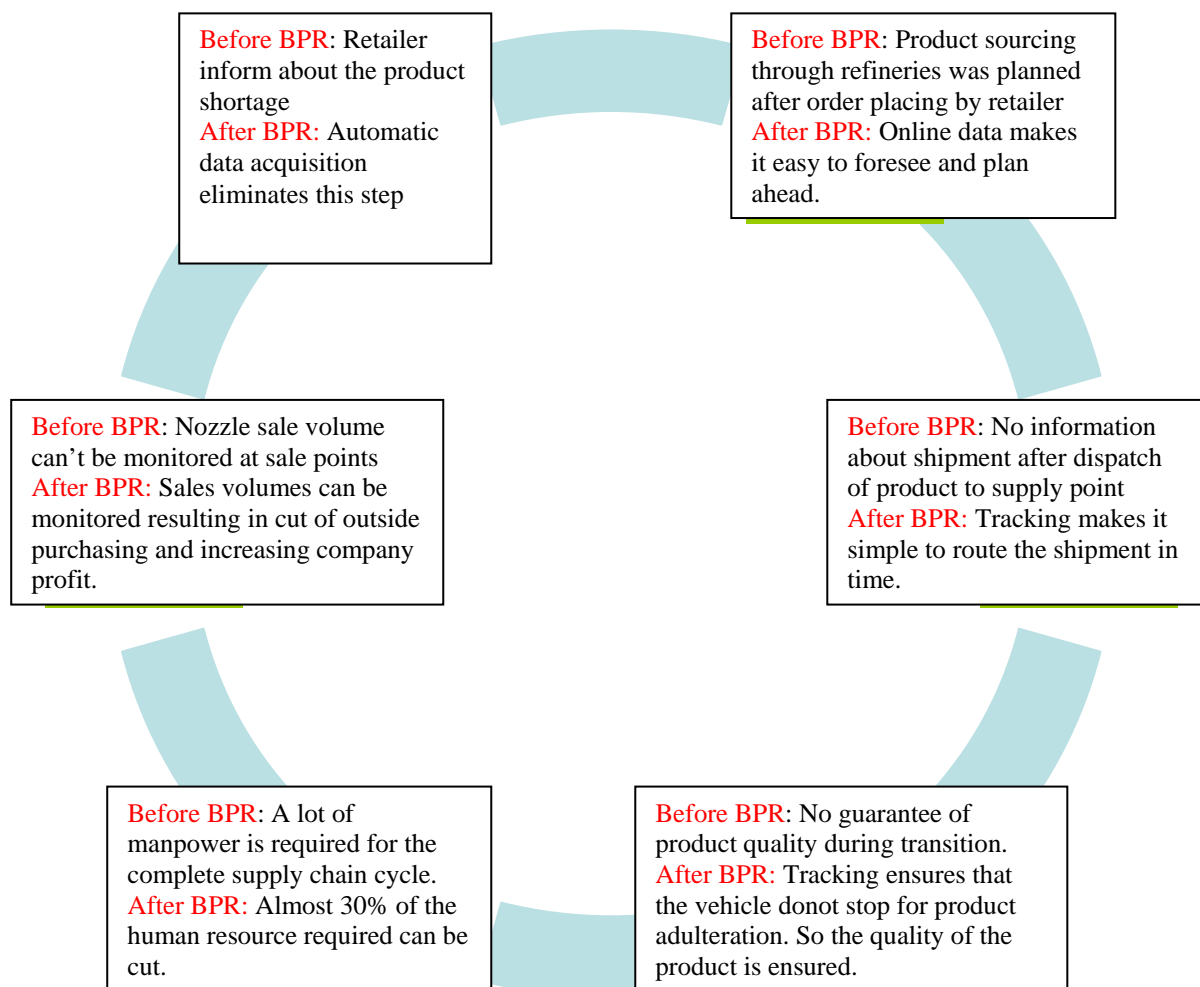
XI. DISCUSSION

By getting the real time data through ATG's installed at storages at company's sale points, the supply chain department can restrict illegal purchasing of retailer and thereby increasing company's sales volumes. It is estimated that the current annual sale volumes of company which are 1,837,357 Mtons of oil for the financial year 2012-13 will increase by approx. 20 % and will close out at around 2.2 Million Mtons of Oil at the end of next financial year.

In marketing gaining customer trust is the first and foremost objective and the ability to ensure product

availability at all times is critical. By implementation of suggested re-engineering, it is presumed that any chance of product unavailability at any of supply point will be eliminated. This is because the supply chain department is getting all the required information about the stock positions through the introduction of auto tank gauging system sitting in head office and they can easily manage to supply the product in time for fulfillment of customers requirements. It is pertinent to mention here that it is obligation on the company to ensure product availability at all its sale points by oil and gas regulatory authority (OGRA) of Pakistan, so in that context this re-engineering will also prove to be helpful in this regard.

Effect of BPR on the supply chain cycle will be as under



Through establishment of central command and control where the data is acquired automatically through online gauging of product and tracking of vehicles will not only decrease the hassle previously involved but will also help in getting the correct authentic data and reduction in the cost of communication.

By introduction of these changes it is expected that the manpower required can be reduced by as much

as 30% thereby resulting in savings for the company and also by mean in automation the precision of data can be achieved.

By mean of this advancement it is assumed that the product sourcing section will get prior information about the upcoming requirements of product and they can arrange for the refineries in advance. The refineries then schedule their plant operations accordingly and the

whole cycle of oil products in the country can be streamlined.

Most of the time, a single vehicle carries oil from depot to multiple source points, so by introduction of this system the logistics department will have the prior information regarding requirements of a particular region and they can plan suitable size of vehicles accordingly. This will reduce the cost of transportation.

Since by introduction of vehicle tracking system the central control and command will be getting the real time data about the movement of fleet vehicles across various supply points, so in case a vehicle reports to some other station for product adulteration / mixing where it is not supposed to go, the same can be monitored. So the risk of adulteration can be minimized. Also it is assumed that by introduction of this change the product theft of thousand of liters every month can almost be eliminated.

Some retailers use to get product through other sources like other OMC's which badly hits the company's profits, so by minimizing this probability it is assumed that the company will increase its market share by 1-2% which is currently around 18-19 % of the total.

By subject changes it is believed that the quality of product at source points can also be ensured as any addition to the product other the product supplied by the company can be easily tracked and monitored on the central control and command center.

XII. CONCLUSION

Reengineering is a complex process that consists of several important elements that companies, wanting to implement it, have to pay attention. (Radosavic, Pasula, Berber, Nebojsa & Nerandzic, 2013).

Re-engineering cannot be implemented without the use of Information Technology. It is also necessary to focus upon the processes rather than functions before starting re-engineering.

The main objective of this case study is to explore the possibilities for improvement in the processes of Attock Petroleum Limited (APL) such as supply chain management with the technique of business process reengineering as the traditional approach is affecting the performance of the company. Unstructured interviews have been conducted to gather the information along with the usage of some secondary sources of data.

By applying BPR techniques that is the installation of auto tank gauging, vehicle tracking system and establishment of centralised data acquisition centres, product adulteration and or theft of fuel can also be controlled and it will definitely help company to

gain customer satisfaction and capture better market share. Also the company would be able to increase its sales volume by 20% and reduce its human resource by 30% thereby resulting in savings for the company.

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Using Analytical Hierarchy Process (AHP) to form Shares Portfolio in Kingdom of Bahrain's Bourse

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Abstract- This study comes to Use the Analytic Hierarchy Process (AHP) approach to build shares portfolio in kingdom of Bahrain shares' market. So that, we want to find out to what extent the Analytical Hierarchy Process approach is helpful taken in the account the importance of the investment decision to the investors as individuals or fund manager. We perform this assessment depending on the information of Bahrain stock market activities' handbook and some experts who have good experience in financial planning and some colleagues in university who are teaching financial and investment decision courses. The results demonstrated that (AHP) can help the decision maker to rank the sectors of the stock market according to their relative importance.

Keywords: *analytical hierarch process (AHP), pair-wise comparisons, multi-criteria decision making.*

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I. INTRODUCTION

Using the Analytic Hierarchy Process (AHP) to build a shares portfolio in Kingdom of Bahrain stock market is described. AHP can be characterized as a multi-criteria decision technique in which qualitative factors are of prime of importance. A model of the problem (shares portfolio) is developed using a hierarchical representation (Zeleny 1982), (McCord & Neufville 1983) and (Kirkwood 1997). At the top of the hierarchy is the overall goal or prime objective one is seeking to fulfill (Saaty 1986), (Saaty 1996). The succeeding lower levels then represent the progressive decomposition of the problem. We complete a pair-wise comparison of all entries in each level relative to each of the entries in the next higher level of the hierarchy. The comparison of these judgments indicates the relative priority of the entities at the lowest level (e.g. investment sectors) relative to achieving the top-most objective (Saaty 1994).

II. AN OVERVIEW OF THE ANALYTICAL HIERARCHY PROCESS (AHP)

The Analytical Hierarchy Process (AHP) grew and evolution, at the Wharton School of Business by (Thomas Saaty 1980). It is a structured approach

facilitates the process of analyzing the problem by breaking it down to small problems with multistage (Saaty 1990) which leads to show the problem of decision in analytical and systematic Fashion and in the way that shows the degree of similarity with the thinking of the decision-maker in the filming of the problems. The (AHP) style is not a style of complex processes designed for the analysis of complex problems but rather simple operations designed to analyze complex problems.

The (AHP) style views the problem of decision hierarchal with multiple levels, making it easier to use pairwise comparisons to determine the relative importance of all elements of the pyramid using a series of objectives / subjective judgments. This style shows its ability to detect the mistakes of Consistency of Judgments. By using (AHP) provisions to determine priorities more accurately depending on verbal judgments even if the words used are not accurate, building on this property, it is possible to use the words of comparison as quality variables for a relative measure could be coupled with quantitative variable to calculate the priorities that can affect or contribute to every variable in determining the final decision. (AHP) uses to overcome the negatives that accompany the process of using the other entries in the decision-making process likes the style of pros / cons, weights and scores techniques by identifying all aspects of the problem and the variables which reflect the relative importance of each variable within the group but not individually (Alsamaray & Almadhon 1990). Using (AHP) needs four steps (Saaty 1977), (Dyer 1990) and (Saaty 1990a).

a) *Decompose the Problem and Represents it Hierarchically*

The first step in using (AHP) is to divide the problem and analysis it to its components, and synthesis it in hierarchically form. So that, the problem should contain at least at the following levels: the first level is the Goal, second level Criteria and the third level is the alternatives which are the course of actions.

b) *Setting priorities for the problem components*

Rating process in (AHP) depends on the opinion of the decision maker, where judgments can be derived from realistic information -hard data- in addition to the knowledge and experience of decision-maker.

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c) Synthesis of Results

Calculated relative importance of each alternative depends on the relative contribution of each criterion in determining the degree of preference. Sum of the relative importance of each alternative represents an appropriate degree that alternative standards for. The alternative with higher relative importance has the higher chance in the selection process (Forman, Saaty, Selly and Waldron 1983) and (Forman1990).

d) Evaluate the homogeneity of the verdicts

Pairwise comparison adopted in (AHP) does not specify randomly but can be derived from a set of judgments. These Judgments whether quality or quantity are governed by mathematical rules. At this stage, is assessing the degree of homogeneity of these verdicts and case heterogeneity Inconsistency must be equal to or less than 0.10 (Saaty 1980). Individuals often give a high bias in the estimation of the verdicts, overweighing bias requires tested statistically in order not to affect the importance of giving the proportion of non- real value (Dyer and Forman 1991). The lack of high inconsistency at any level or in the final assembly process does not invalidate the model as a whole, but

give the indicator on the need to re- test some of the provisions (Saaty 1977), (Saaty 1994).

III. THE RESEARCH PROBLEM

The decision problem considered in this study is how to determine the priorities of the sectors in Bahrain stock market to form the shares portfolio depending on their relative importance. Generally speaking, we develop an (AHP) model as multi-criteria decision making method in the field of investment. Accordingly, the emphases had been put to shade the light on using the Analytical Hierarchy Process (AHP) as new way to form shares financial portfolio.

IV. RESEARCH DESIGN

We built (AHP) model to research problem to form shares portfolio in Bahrain Bourse market. The structure of multi-criteria decision making according to (AHP) model consists of a number of alternatives (banks, investment, insurance, services, industrial and hotels & tourism) after setting the overall goal (shares portfolio) as well as a number of criteria like (balance sheet, income statement, shares trading, profitability and leverage & liquidity) as depicted in table (1).

Table (1) : Consolidated Market Information

Hotels & Tourism	Industrial	services	Insurance	Investment	Banks	Criteria	
213.4	1.264M	1.152	602,4	17.7	22	Total Assets	Balance Sheet
32.5	402,3	280.8	392,6	14.7	19.4	Total Liability	
52.7	147.6	257.4	113,88	2.153	1.285	Paid up Capital	
180.9	861.6	871.4	209,7	2.9	2.520	Total Equity	
13.627	98.5	100.8	11.8	207,633	197,165	Net Profit/ Loss	Income statement
8.032	40.6	59.770	3.7	21,432	166,188	Cash dividend	
516.036	1,468M	2.558M	501	8.495m	13.162m	Number of shares	Share Trading
0.35	1.13	1.67	0.53	0.57	2.94	Share turnover	
0.351	0.587	0.337	0.372	0.313	0.174	Book value	
0.026	0.067	0.037	0.025	0.019	0.014	Earn per share	Profitability
0.016	0.028	0.023	0.007	0.003	0.009	Dividend PS	
1.01	0.73	1.09	0.79	0.52	1.01	Price to book value	
4.39	6.50	6.38	2.55	1.67	5.02	Dividend yield	
7.53	11.43	11.10	6.84	5.96	7.86	Return/ equity	
6.38	7.79	8.30	2.11	0.83	0.82	Return/ assets	
84.75	68.17	74.81	30.94	13.98	10.39	Total equity to total assets	Leverage & Liquidity
0.18	0.47	0.33	2.11*	5.98	-	Total liability to total equity	
-	-	-	-	-	-	Management**	

*Investors' Guide, Bahrain Bourse, 2013

** Management will be assessed subjectively

We perform this assessment depending on the information of Bahrain stock market activities' handbook and some experts who have good experience in financial planning and some colleagues in university who are teaching financial and investment decision courses. The results demonstrated that (AHP) can help

the decision maker to rank the sectors of the stock market according to their relative importance.

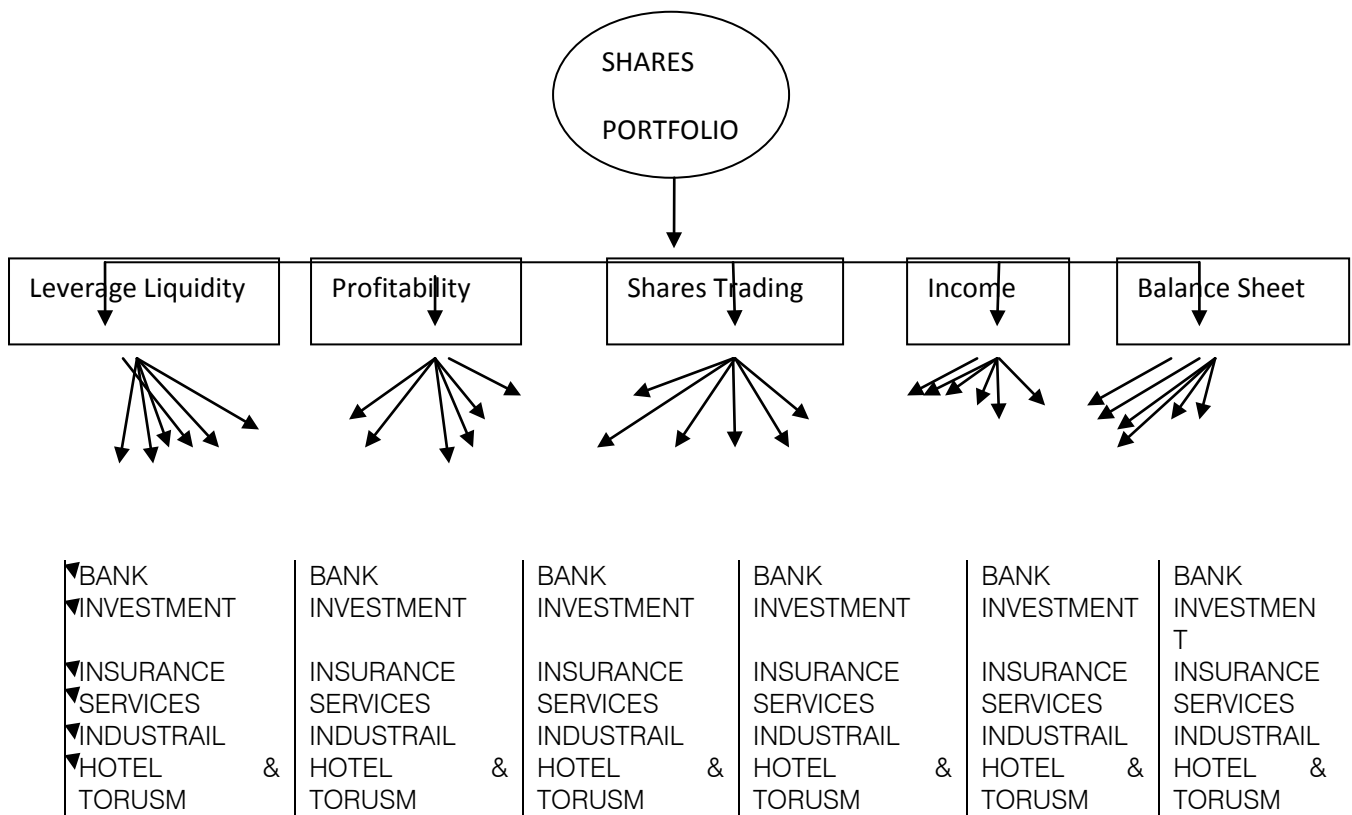


Figure (1) : Structure of the decision problem according to (AHP)

V. MODEL ANALYSIS

Figure (1) illustrates the decision problem according to (AHP) model which consist of six alternatives and five criterions. This is some of the pairwise comparison judgment. We evaluated the six alternatives in term of five decision criteria. The following

matrix represents the corresponding judgment matrix with the pairwise comparison. So that the corresponding priority vector and the consistency coefficients are given as well. Table (2) illustrates the judgment matrix for the case of comparing the importance of the six alternatives.

Table (2) : Pairwise comparison matrix for balance sheet

Balance Sheet	C. bank	investment	insurance	Services	Industrial	Hotels & tourism	Priority Vector
C. bank	0.41	0.46	0.28	0.18	0.52	0.28	0.36
investment	0.20	0.23	0.23	0.18	0.26	0.23	0.22
insurance	0.09	0.06	0.06	0.04	0.03	0.03	0.05
Services	0.13	0.08	0.12	0.06	0.03	0.23	0.11
industrial	0.10	0.12	0.28	0.24	0.13	0.18	0.18
Hotels & tourism	0.07	0.05	0.03	0.30	0.03	0.05	0.09

Inconsistency = 0.08

VI. MEASURING THE INCONSISTENCY OF THE JUDGMENTS

AHP provides a measure of the consistency of the decision maker's judgment process. Consistency is very important because we would not want to base an important decision upon a set of judgment that lack consistency. Inconsistency can result from many reasons such as improper conceptualization of the hierarchal, leak of information, a mental lapse or clerical errors. As Dyer and Forman (1991) said "accurate judgments are fairly consistency, but consistency judgments need not be accurate. This consistency is necessary but not sufficient for a good decision".

Perfect judgment rarely occurs in the real world and should not be the objective when making judgments. However, perfect consistency should not be expected in working with AHP. The issue really is, how much inconsistency is accepted or tolerable in the expression of our preferences? AHP provides a method

$$Bank = .41(.36) + .46(.22) + .28(.05) + .18(.11) + .52(.18) + .28(.09) = .4014/.36 = 1.115$$

$$Investment = .20(.36) + .23(.22) + .23(.05) + .18(.11) + .26(.18) + .23(.09) = .2214/.22 = 1.006$$

$$Insurance = .09(.36) + .06(.22) + .06(.05) + .04(.11) + .03(.18) + .03(.09) = .0611/.05 = 1.222$$

$$Services = .13(.36) + .08(.22) + .12(.05) + .06(.11) + .03(.18) + .23(.09) = .1031/.11 = .937$$

$$Industrial = .1(.36) + .12(.22) + .28(.05) + .24(.11) + .13(.18) + .18(.09) = .1424/.18 = .7911$$

$$Hotel \& Tourism = .07(.36) + .05(.22) + .03(.05) + .3(.11) + .03(.18) + .05(.09) = .0806/.09 = .8956$$

- a) Divide each sum of row entries from step 1 by their corresponding priority values, for balance sheet evaluation, the calculations are

$$.4014/.36 = 1.115, .2214/.22 = 1.006, .0611/.05 = 1.222, .1031/.11 = .937, .1424/.18 = .7911, .0806/.09 = .8956$$

- b) Compute the average of the values specified in step 2; this average is denoted by L_{max} . For the balance sheet example we have

$$L_{max} = (1.115 + 1.006 + 1.222 + .937 + .7911 + .8956)/6 = 5.9667/6 = .9945$$

- c) Compute the consistency index (CI), which is defined as follow:

$$CI = (L_{max} - n)/(n - 1)$$

Where n = number of items being compared

For the balance sheet evaluation with $n = 6$, we obtain

$$CI = (.9945 - 6)/5 = .10$$

- d) Compute the consistency ratio (CR), which is defined as follow:

$$CR = CI/RI$$

called the inconsistency ratio that calculates the degree of inconsistency of judgment. As a rule of thumb, if the inconsistency ratio is greater than about 0.10, here one must investigate and try to ascertain the possible cause of the inconsistency (Schoner & Wedley 1989) and (Saaty 1991). If each of the possible causes is eliminated, then it is reasonable to proceed even though the inconsistency ratio is slightly greater than the 10 percent rule –of thumb value (Schenkerman 1997).

We will see how the inconsistency ratio can be approximated measures. The steps for estimating the inconsistency ratio are as follows:

- 1) Multiply the first row of the original pairwise comparison matrix for Balance sheet by the relative priority of bank (0.36). Performing the same multiplication for column 2,3,4,5 and 6. (e.g., column 2 X 0.22, column 3 X 0.05, column 4 X 0.11, column 5 X 0.18 and column 6 X 0.09). After, sum the entries across the rows to obtain the weighted sum (table (2)).

Where RI = random index

The random index is the consistency index of many randomly generated pairwise comparison matrices of size n as follow:

N	RI
2	.00
3	.58
4	.90
5	1.12
6	1.24
7	1.32
8	1.41

Therefore, for the balance sheet comparison with $n = 6$ and $RI = 1.24$, we evaluate the following consistency ratio:

$$CR = 0.10/1.24 = 0.08$$

We previously mentioned as rule –of thumb was that a consistency ratio of 0.10 or less was accepted. Ours judgment results are in any estimate of the consistency ratio of .08, indicating that our priorities for balance sheet seem very accepted.

Table (3) : Composition and synthesis Impact of alternatives on Criteria

	Balance Sheet 0.29	Income 0.07	Shares Trading 0.09	Profitability 0.36	Leverage & Liquidity 0.19	
C. Bank	0.36	0.17	0.40	0.28	0.25	0.29

Investment	0.22	0.24	0.13	0.19	0.21	0.07
Insurance	0.05	0.10	0.06	0.13	0.11	0.09
Services	0.11	0.19	0.07	0.20	0.16	0.36
Industrial	0.18	0.19	0.19	0.12	0.13	0.19
Hotels & tourism	0.09	0.11	0.15	0.08	0.14	

Commercial Bank = 0.30

Investment Bank=0.20

Insurance Sector=0.09

Services Sector =0.15

Industrial Sector=0.15

Hotels & tourism = 0.11

VII. LIMITATIONS

The crucial thing that I faced is the delay of the companies in Bahrain stock market to announce their final report, the riot in Bahrain which affect the investment in the stock market because many companies let or have no desire to invest by limiting their activities. As well as, the limited number of pages for the proposal which force me not to include supporting materials for the study?

VIII. CONCLUSIONS

The most important conclusions can be determined as follows:

1. Shares portfolio must be respectively contains (Commercial banks 0.30%, Investment 0.20%, Services and Industrial 0.15%, Hotels & Tourism 0.11% and at the end came the insurance sector in 0.09%) shares according to the relative importance of these sectors.
2. It appears that Analytical Hierarchy Process (AHP) can be used with high elasticity and tool to analyze aspects of investment decisions, as it is characterized by easily use without the need for the decision-maker for the high requirements in mathematics and statistics.
3. (AHP) model can be used in the formulation of the problem of the resolution, which relies on subjective judgments and experience, is also distinguished by its ability to adapt and integration Completeness in cases that rely on a mixture of qualitative and quantitative factors.
4. (AHP) contributes to explain and understand complex and unstructured problem. to help decision maker.
5. (AHP) Model provides self-censorship to control the overall appreciation or judgments to decision makers by measuring the degree of homogeneity Consistency case to avoid bias that are the result of miscalculations or emotions.
6. Sensitivity Analysis uses to demonstrate the effect of the changes that can get on the relative importance

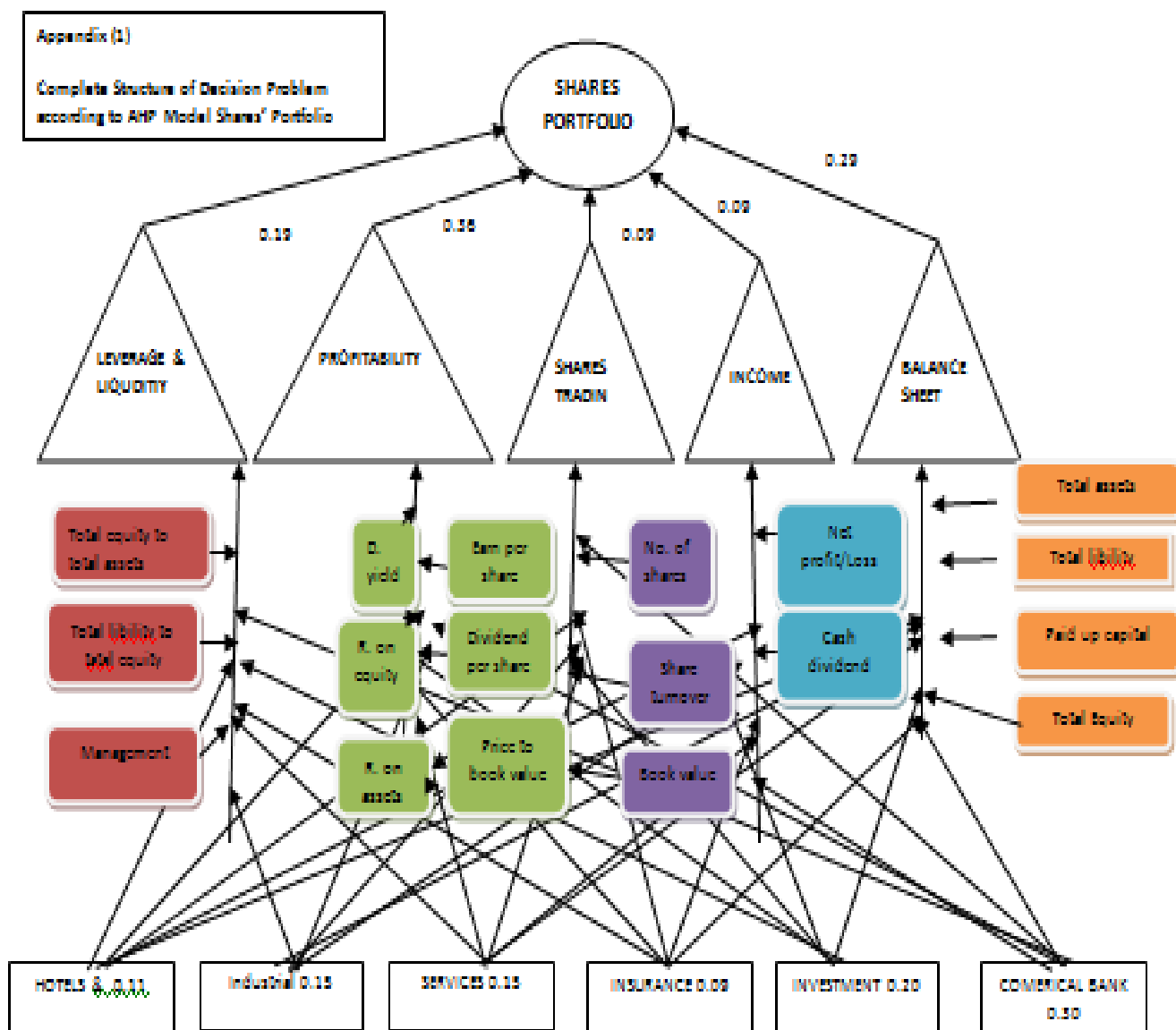
of some of the criteria on the final ranking of the decisions ranking of alternatives.

7. These results may encourage doing comparison study between (AHP) and other methods to form shares portfolio in near future.

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Appendix 2:

PAIRWISE

COMPARISON

MATRICES TO ALL

MODEL

	Balance Sheet B	Income I	Shares Trading S	Profitability P	Leverage & Liquidity L&E
BALANCE SHEET	1	3	5	0.50	4
INCOME	0.33	1	0.33	0.17	0.15
SHARES TRADING	0.20	3	1	0.20	0.50
PROFITABILITY	0.25	6	4	1	8
LEVERAGE & LIQUIDITY	0.25	7	5	0.15	1
	2.03	20	15.33	2.02	13.6

	B	I	S	P	L&E	SUM	AVG
BALANCE SHEET	0.49	0.15	0.3	0.25	0.28	1.47	0.29
INCOME	0.16	0.05	0.02	0.08	0.02	0.33	0.07
SHARES TRADING	0.10	0.15	0.07	0.10	0.04	0.46	0.09
PROFITABILITY	0.13	0.3	0.28	0.5	0.59	1.80	0.36
LEVERAGE & LIQUIDITY	0.12	0.35	0.33	0.07	0.07	0.94	0.19
	1.00	1	1.00	1.00	1		1

BALANCE SHEET	C. bank	investment	insurance	Services	Industrial	Hotels & tourism	SUM
C. bank	1	2	5	3	4	6	21
investment	0.50	1	4	3	2	5	15.50
insurance	0.20	0.25	1	0.50	0.20	0.14	2.29
Services	0.33	0.33	2	1.00	0.25	5	8.91
industrial	0.25	0.50	5	4.00	1	4	14.75
Hotels & tourism	0.17	0.20	0.14	5.00	0.25	1	6.76
	2.45	4.28					69.2

17.14 16.5 7.7 21.14 1



BALANC SHEET	C. bank	investment	insurance	Services	Industrial	Hotels & tourism	SUM	A v g
C. bank	0.41	0.46	0.28	0.18	0.52	0.28	2.13	0 . 3 6
investment	0.20	0.23	0.23	0.18	0.26	0.23	1.33	0 . 2 2
insurance	0.09	0.06	0.06	0.04	0.03	0.03	0.31	0 . 0 5
Services	0.13	0.08	0.12	0.06	0.03	0.23	0.65	0 . 1 1
industrial	0.10	0.12	0.28	0.24	0.13	0.18	1.05	0 . 1
								7
Hotels & tourism	0.07	0.05	0.03	0.30	0.03	0.05	0.52	0 . 0 9
	1.00	1.00	1	1	1	1	5.99	1

INCOME	C. bank	investment	insurance	Services	Industrial	Hotels & tourism	SUM
C. bank	1	0.50	7	0.50	0.50	0.11	9.61
investment	0.14	1	6	2	2	8	19.14
insurance	7.00	0.17	1.00	0.14	0.14	1.00	9.45
Services	2.00	0.50	7	1.00	1.00	5	16.50
industrial	2.00	0.50	7	1.00	1	5	16.50
Hotels & tourism	9.00	0.13	1.00	0.20	0.20	1	11.53
	21.14	2.30	29	4.84	4.84	20.11	82.23

INCOME	C. bank	investment	insurance	Services	Industrial	Hotels & tourism	SUM	A V G
C. bank	0.05	0.18	0.24	0.10	0.10	0.03	0.7	0.17
investment	0.03	0.36	0.21	0.4	0.4	0.4	1.80	0.24
insurance	0.34	0.06	0.04	0.05	0.05	0.05	0.59	0.11

								0
Services	0.08	0.17	0.24	0.20	0.20	0.24	1.13	0
industrial	0.08	0.18	0.24	0.20	0.2	0.23	1.13	0
Hotels & tourism	0.42	0.05	0.03	0.05	0.05	0.05	0.65	0
	1	1.00	1	1.00	1.00	1.00		1

SHARES TRADING	C. bank	investment	insurance	Services	Industrial	Hotels & tourism	SUM
C. bank	1	3.00	5	4.00	2.00	6.00	21
investment	0.33	1	3	2	1	0.17	7.50
insurance	0.20	0.33	1.00	0.33	0.25	0.50	2.62
Services	0.25	0.33	3	1.00	0.33	0.20	5.12
industrial	0.50	1.00	3	3.00	1	2	10.50
Hotels & tourism	0.17	6.00	2.00	0.20	0.50	1	9.87
	2.45	11.67	17	10.53	5.08	9.87	

SHARES TRADING	C. bank	investment	insurance	Services	Industrial	Hotels & tourism	SUM	A V G
C. bank	0.4	0.26	0.29	0.36	0.40	0.60		0
							2.31	4
investment	0.13	0.09	0.18	0.18	0.2	0.03	0.81	0

							1
							3
insurance	0.10	0.03	0.06	0.06	0.05	0.05	0
							0
							6
Services	0.10	0.03	0.18	0.09	0.06	0.02	0
							0
							7
industrial	0.20	0.09	0.18	0.27	0.2	0.2	0
							1
							9
Hotels & tourism	0.07	0.51	0.12	0.04	0.10	0.1	0
							1
							5
	1	1.0	1.0	1.00	1.0	1.00	

PROFITABILITY	C. bank	investment	insurance	Services	Industrial	Hotels & tourism
C. bank	1	2.00	1	3.00	2.00	3.00
investment	0.50	1	2	1	1	4.00
insurance	1.00	0.50	1.00	0.50	1.00	1.00
Services	0.33	1.00	2	1.00	3.00	2.00
industrial	0.50	0.25	1	0.33	1	3
Hotels & tourism	0.33	0.25	1.00	0.50	0.33	1
	3.7	5.00	8	6.33	8.33	14.00

PROFITABILITY	C. bank	investment	insurance	Services	Industrial	Hotels & tourism	SUM	A
								V
								G
C. bank	0.28	0.40	0.13	0.47	0.24	0.21		0
							1.73	2
								9

investment	0.13	0.2	0.245	0.16	0.12	0.28	1.14	0.199
insurance	0.27	0.10	0.13	0.08	0.12	0.08	0.78	0.133
Services	0.09	0.20	0.245	0.16	0.36	0.14	1.20	0.200
industrial	0.14	0.05	0.125	0.05	0.12	0.21	0.70	0.112
Hotels & tourism	0.09	0.05	0.13	0.08	0.04	0.08	0.47	0.070
	1	1.00	1	1.00	1.00	1.00		1.000

LEVERAGE & LIQUIDITY	C. bank	investment	insurance	Services	Industrial	Hotels & tourism	Sum
C. bank	1	3.00	2	1.00	1.00	4.00	12
investment	0.33	1	3	3	2	1.00	10.33
insurance	0.50	0.33	1.00	0.50	0.33	3.00	5.67
Services	1.00	0.33	0.33	1.00	4.00	2.00	8.66
industrial	1.00	0.50	3	0.25	1	0.50	6.25
Hotels & tourism	0.25	1.00	0.33	0.50	5.00	1	8.08
							50.9
	4.1	6.17	9.6	6.25	13.30	11.50	2

LEVERAGE & LIQUIDITY	C. bank	investment	insurance	Services	Industrial	Hotels & tourism	SUM	A V G
C. bank	0.24	0.49	0.2	0.16	0.07	0.35	1.51	0 . 2 5
investment	0.09	0.16	0.31	0.48	0.14	0.09	1.27	0 . 2 1
insurance	0.12	0.05	0.10	0.08	0.02	0.26	0.63	0 . 1 1
Services	0.25	0.05	0.04	0.16	0.32	0.17	0.99	0 . 1 6
industrial	0.24	0.08	0.31	0.04	0.08	0.05	0.80	0 . 1 3
Hotels & tourism	0.06	0.17	0.04	0.08	0.38	0.08	0.81	0 . 1 4
	0	1.00	1	1.00	1.01	1.00		

Hotels & tourism	BALANCE SHEET	INCOME	SHARES TRADING	PROFITABILITY	LEVERAG E & LIQUIDITY	SUM	AVG
C. bank	0.36	0.17	0.40	0.29	0.25	1.47	0.29
investment	0.22	0.24	0.13	0.19	0.21	0.99	0.20
insurance	0.05	0.10	0.06	0.13	0.11	0.45	0.09

Services	0.11	0.19	0.07	0.20	0.16	0.73	0.15
industrial	0.18	0.19	0.19	0.12	0.13	0.81	0.16
Hotels & tourism	0.09	0.11	0.15	0.07	0.14	0.56	0.11
	1.01	1.00	1.00	1.00	1.00		

CHASH DIVIDEND	C. bank	investment	insurance	Services	industrial	Hotels & tourism
C. bank	1	7	8	3	4	9
Investment	0.14	1	6	0.33	0.50	3
Insurance	0.14	0.17	1	0.17	0.17	½
Services	0.33	3	1	1	2	8
industrial	¼	2	6	0.50	1	5
Hotels & tourism	0.11	0.33	2	0.15	0.20	1
Total	1.73	13.499	24	5.14	7.866	26.5

CHASH DIVIDEND	C. bank	investment	insurance	Services	industrial	Hotels & tourism	SUM	Avg.
C. bank	0.578	0.482	0.333	0.583	0.508	0.346	2.83	0.46
Investment	0.08	0.074	0.25	0.06	0.06	0.115	0.65	0.1
Insurance	0.08	0.01	0.042	0.03	0.02	0.019	0.21	0.04
Services	0.19	0.222	0.042	0.194	0.254	0.307	1.21	0.2
industrial	0.144	0.148	0.25	0.10	0.127	0.192	0.958	0.16
Hotels & tourism	0.06	0.02	0.084	0.03	0.03	0.038	0.26	0.04

NUMBER of SHARES	C. bank	investment	insurance	Services	industrial	Hotels & tourism
C. bank	1	2	8	5	8	9
Investment	0.50	1	7	4	6	9
Insurance	0.15	\$ 0.14	1	4	0.33	1
Services	0.20	¼	¼	1	2	4
industrial	0.15	0.17	3	½	1	3
Hotels & tourism	0.11	0.11	1	0.25	0.33	1
Total	2.103	3.42	20	14.25	17.663	27

NUMBER of SHARES	C. bank	investment	insurance	Services	industrial	Hotels & tourism	SUM	Avg.
C. bank	0.476	0.585	0.4	0.35	0.453	0.333	2.597	0.41
Investment	0.24	0.292	0.35	0.28	0.34	0.333	1.83	0.3
Insurance	0.07	0.04	0.05	0.28	0.02	0.037	0.50	0.08
Services	0.1	0.073	0.13	0.07	0.113	0.148	0.634	0.1
industrial	0.07	0.05	0.15	0.035	0.057	0.111	0.47	0.07
Hotels & tourism	0.05	0.03	0.05	0.02	0.02	0.037	0.21	0.04

1

SHARE TERUOVER	C. bank	investment	insurance	Services	industrial	Hotels & tourism
C. bank	1	8	9	2	2	8
Investment	0.15	1	1	0.33	½	2
Insurance	0.111	1	1	0.33	1/2	1
Services	½	3	2	1	1	4
Industrial	½	2	2	1	1	3
Hotels & tourism	0.15	0.50	1	0.25	0.33	1
Total	1.407	15.5	16	4.913	4.83	19

SHARE TERUOVER	C. bank	investment	insurance	Services	industrial	Hotels & tourism	SUM	Avg.
C. bank	0.71	0.516	0.56	0.41	0.414	0.42	3.03	0.48
Investment	0.11	0.064	0.06	0.07	0.103	0.11	0.52	0.07
Insurance	0.078	0.064	0.06	0.07	1/9	0.053	0.428	0.06
Services	0.36	0.193	0.125	0.21	0.207	0.21	1.305	0.16
Industrial	0.36	0.13	0.125	0.21	0.207	0.16	1.192	0.18
Hotels & tourism	0.11	0.03	0.06	0.05	0.07	0.053	0.38	0.05

1

BOOK VALUE	C. bank	investment	insurance	Services	industrial	Hotels & tourism
C. bank	1	0.50	1/2	1/4	1/5	1/3
investment	2	1	1	1	1/2	1
Insurance	2	1	1	1	1/2	1
Services	4	1	1	1	1/2	1
industrial	5	2	2	2	1	1/2
Hotels & tourism	3	1	1	1	2	1
	17	6 1/2	6 1/2	6 1/4	4 5/7	4 5/6

BOOK VALUE	C. bank	investment	insurance	Services	industrial	Hotels & tourism	Sum	Avg
C. bank	0.06	0.08	0.08	0.04	0.04	0.04	0.333	0.06
investment	0.12	0.153	0.153	0.16	0.11	0.21	0.898	0.15
Insurance	0.12	0.153	0.153	0.16	0.11	0.21	0.906	0.16
Services	0.24	0.153	0.153	0.16	0.11	0.21	1.026	17.00%
industrial	0.29	0.31	0.31	0.32	0.22	0.10	1.553	0.25
Hotels & tourism	0.18	0.153	0.153	0.16	0.44	0.21	1.296	0.21

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EARN PER SHARE	C. bank	investment	insurance	Services	industrial	Hotels & tourism
C. bank	1	0.50	0.33	0.25	0.20	0.33
investment	2	1	0.50	0.33	0.25	0.50
insurance	3	2	1	0.50	0.33	1
Services	4	3	2	1	0.50	1
industrial	5	4	3	2	1	3
Hotels & tourism	3	2	1	1	0.33	1
	18	12.50	7.83	5.08	2.61	6.83

EARN PER SHARE	C. bank	investment	insurance	Services	industrial	Hotels & tourism	SUM	Avg
C. bank	0.056	0.04	0.04	0.05	0.08	0.05	0.312	0.05
investment	0.111	0.08	0.06	0.07	0.10	0.07	0.489	0.08
insurance	0.167	0.16	0.127	0.10	0.13	0.146	0.824	0.14
Services	0.222	0.24	0.255	0.197	0.19	0.146	1.252	0.21
industrial	0.278	0.32	0.383	0.394	0.38	0.44	2.195	0.37
Hotels & tourism	0.166	0.16	0.127	0.197	0-Jan	0.146	0.926	0.15

1

DIVIDEND per SHARE	C. bank	investment	insurance	Services	industrial	Hotels & tourism
C. bank	1	0.33	1	0.50	0.33	0.50
investment	3.00	1	0.50	0.15	0.11	0.50
Insurance	1	2	1	0.33	0.25	0.20
Services	2	8	3	1	1	2
Industrial	3	9	4	1	1	2
Hotels & tourism	2	5	2	0.50	0.50	1
	12	25.33	11.5	3.48	3.19	6.20

DIVIDEND per SHARE	C. bank	investment	insurance	Services	industrial	Hotels & tourism	SUM	Avg
C. bank	0.09	0.013	0.087	0.15	0.10	0.08	0.523	0.09
investment	0.24	0.039	0.04	0.04	0.03	0.08	0.48	0.08
Insurance	0.09	0.079	0.087	0.10	0.08	0.04	0.469	0.09
Services	0.17	0.316	0.261	0.28	0.313	0.32	1.66	0.27
Industrial	0.24	0.356	0.348	0.28	0.313	0.32	1.857	0.30
Hotels & tourism	0.17	0.197	0.174	0.15	0.16	0.16	1.008	0.17

1.00

PRICE to BOOK VALUE	C. bank	investment	insurance	Services	industrial	Hotels & tourism
C. bank	1	2	2	1	2	1
investment	1/2	1	1	1/2	1	1/2
Insurance	1/2	1	1	1/2	1	1/2
Services	1	2	2	1	1/2	1
Industrial	1/2	1	1	2	1	1/2
Hotels & tourism	1	2	2	1	2	1
Total	4.5	9	9	6	7.5	4.5

PRICE to BOOK VALUE	C. bank	investment	insurance	Services	industrial	Hotels & tourism	SUM	Avg
C. bank	0.222	0.22	0.22	0.167	0.27	0.222	1.321	0.21
investment	0.11	0.11	0.11	0.09	0.13	0.11	0.66	0.11
Insurance	0.11	0.11	0.11	0.08	0.13	0.11	0.65	0.11
Services	0.222	0.22	0.22	0.167	0.08	0.222	1.131	0.21
Industrial	0.11	0.11	0.11	0.33	0.13	0.11	0.90	0.15
Hotels & tourism	0.222	0.22	0.22	0.166	0.27	0.222	1.32	0.21

DIVIDEND YIELD	C. bank	Investment	insurance	Services	industrial	Hotels & tourism
C. bank	1	3	2	0.50	0.50	1
investment	0.33	1	0.50	0.20	0.20	0.33
Insurance	0.50	2	1	0.33	0.25	0.50
Services	2	4	3	1	1	0.50
Industrial	2	4	3	1	1	2
Hotels & tourism	1	3	2	2	0.50	1
Total	6.83	17	11.5	5.03	3.45	5.33

DIVIDEND YIELD	C. bank	Investment	insurance	Services	industrial	Hotels & tourism	SUM
C. bank	0.15	0.17	0.18	0.09	0.15	0.18	0.92
investment	0.05	0.06	0.05	0.05	0.06	0.07	0.34
Insurance	0.073	0.12	0.10	0.06	0.07	0.1	0.523
Services	0.29	0.24	0.24	0.20	0.29	0.1	1.36
Industrial	0.29	0.24	0.24	0.2	0.29	0.36	1.62
Hotels & tourism	0.15	0.17	0.18	0.4	0.15	0.18	1.225

RETURN on EQUITY	C. bank	investment	insurance	Services	industrial	Hotels & tourism
C. bank	1	2	1	0.50	0.50	1
investment	0.50	1	1	0.50	0.50	1
Insurance	1	1	1	0.50	1	0.50
Services	2	2	2	1	1	2
Industrial	2	2	1	1	1	2
Hotels & tourism	1	1	2	0.50	0.50	1
Total	7.5	9	8	4.00	4.50	7.5

RETURN on EQUITY	C. bank	investment	insurance	Services	industrial	Hotels & tourism	SUM
C. bank	0.133	0.222	0.125	0.13	0.11	0.13	0.846
investment	0.067	0.111	0.125	0.13	0.11	0.13	0.669
Insurance	0.133	0.111	0.125	0.13	0.222	0.07	0.786
Services	0.267	0.222	0.25	0.25	0.222	0.27	1.481
Industrial	0.267	0.222	0.125	0.25	0.22	0.27	1.354
Hotels & tourism	0.133	0.111	0.25	0.13	0.11	0.13	0.865

RETURN on ASSETS	C. bank	investment	insurance	Services	industrial	Hotels & tourism
C. bank	1	1	0.33	0.11	0.15	0.14
investment	1	1	0.33	0.11	0.15	0.14
insurance	3	3	1	0.25	0.25	0.33
Services	9	9	4	1	1	1
industrial	8	8	4	1	1	1
Hotels & tourism	7	7	3	1	1	1
Total	29	29	12.66	3.47	3.54	3.61

RETURN on ASSETS	C. bank	investment	insurance	Services	industrial	Hotels & tourism	SUM
C. bank	0.034	0.034	0.03	0.04	0.04	0.04	0.214
investment	0.034	0.034	0.03	0.04	0.04	0.04	0.216
insurance	0.103	0.103	0.08	0.08	0.08	0.09	0.536
Services	0.31	0.31	0.31	0.28	0.28	0.28	1.767
industrial	0.28	0.28	0.31	0.28	0.28	0.28	1.71
Hotels & tourism	0.24	0.24	0.24	0.28	0.28	0.28	1.56

TOTAL EQUITY to TOTAL ASSETS	C. bank	investment	insurance	Services	industrial	Hotels & tourism
C. bank	1	1	0.33	0.14	0.17	0.15
investment	1	1	0.50	0.17	0.20	0.14
insurance	3	2	1	0.50	\$0.50	0.33
Services	7	6	2	1	1	1
industrial	6	5	1	1	1	1
Hotels & tourism	8	7	3	1	1	1
Total	26	22	7.83	3.81	3.87	3.62

TOTAL EQUITY to TOTAL ASSETS	C. bank	investment	insurance	Services	industrial	Hotels & tourism	SUM
C. bank	0.04	0.045	0.04	0.04	0.04	0.04	0.245
investment	0.04	0.045	0.05	0.06	0.05	0.04	0.285
insurance	0.11	0.09	0.13	0.13	0.13	0.09	0.68
Services	0.27	0.27	0.26	0.26	0.26	0.28	1.6
industrial	0.23	0.23	0.13	0.26	0.26	0.28	1.39
Hotels & tourism	0.31	0.32	0.4	0.26	0.26	0.28	1.83



TOTAL LIBILITY to TOTAL EQUITY	C. bank	investment	insurance	Services	industrial	Hotels & tourism
C. bank	1	1	1	1	1	1
investment	1	1	3	7	8	9
insurance	1	0.33	1	1	0.50	2
Services	1	0.14	1	1	0.50	2
industrial	1	0.15	2	2	1	3
Hotels & tourism	1	0.11	0.50	0.50	0.33	1
Total	6	2.73	8.5	12.5	11.33	18

TOTAL LIBILITY to TOTAL EQUITY	C. bank	investment	insurance	Services	industrial	Hotels & tourism	SUM
C. bank	0.166	0.37	0.12	0.08	0.08	0.056	0.872
investment	0.167	0.37	0.35	0.56	0.7	0.5	2.647
insurance	0.166	0.12	0.12	0.08	0.05	0.11	0.646
Services	0.167	0.05	0.12	0.08	0.08	0.11	0.607
industrial	0.167	0.05	0.23	0.16	0.08	0.168	0.855
Hotels & tourism	0.167	0.04	0.06	0.04	0.03	0.056	0.393

MANAGEMENT	C. bank	investment	insurance	Services	industrial	Hotels & tourism
C. bank	1	0.50	3	0.33	5	0.14
investment	2	1	3	4	3	0.17
insurance	0.33	0.33	1	3	0.50	0.25
Services	3	0.25	0.33	1	2	0.20
industrial	0.20	0.33	2	0.50	1	0.14
Hotels & tourism	8	6	4	5	7	1
Total	14.53	8.41	13.33	13.83	18.5	1.90

MANAGEMENT	C. bank	investment	insurance	Services	industrial	Hotels & tourism	SUM
C. bank	0.07	0.06	0.22	0.04	0.27	0.07	0.73
investment	0.14	0.119	0.22	0.28	0.15	0.09	0.999
insurance	0.02	0.04	0.08	0.21	0.06	0.13	0.54
Services	0.2	0.03	0.03	0.07	0.1	0.11	0.53
industrial	0.01	0.04	0.16	0.05	0.07	0.07	0.40
Hotels & tourism	0.56	0.71	0.3	0.35	0.35	0.53	2.8

Pairwise comparisons to
third level

Balance Sheet	Total Assets	Total Liquidity	Paid up Capital	Total Equity
Total Assets	1	0.50	4	0.14
Total Liquidity	2	1	0.20	0.11
Paid up Capital				
Capital	0.25	5	1	1
Total Equity	7	9	1	1
Total	10.25	15.50	6.2	2.25

Balance Sheet	Total Assets	Total Liquidity	Paid up Capital	Total Equity	SUM
Total Assets	0.097	0.03	0.65	0.06	0.841
Total Liquidity	0.195	0.064	0.03	0.06	0.351
Paid up Capital	0.02	0.32	0.16	0.44	0.94
Total Equity	0.685	0.58	0.16	0.44	1.865
	1.001	1.00	1.002	1.00	

Income	Profit/ Loss	Cash dividend
Profit/ Loss	1	0.20
Cash		
dividend	5	1
Total	6	1.20

Income	Profit/ Loss	Cash dividend	SUM	Avg
Profit/ Loss	0.17	0.17	0.34	0.17
Cash dividend	0.83	0.83	1.66	0.83

Shares trading	No. of shares	share turnover	book value	earn per share	dividend per share
No. of shares	1	0.50	0.14	0.33	0.25
share turnover	5	1	0.25	0.20	0.33
book value earn per	7	4	1	3	4
share	3	5	0.33	1	5
dividend per share	4	3	0.25	0.20	1
price to book value	2	2	0.33	0.25	0.14
Total	22	15.50	2.30	4.98	10.72

Shares trading	No. of shares	share turnover	book value	earn per share	dividend per share
No. of shares	0.05	0.03	0.06	0.07	0.023
share turnover	0.23	0.07	0.12	0.04	0.04

Shares trading	No. of shares	share turnover	book value	earn per share	dividend per share
No. of shares	0.05	0.03	0.06	0.07	0.023
share	0.23	0.07	0.12	0.04	0.04
turnover	0.315	0.26	0.43	0.6	0.37
book value					
earn per					
share	0.135	0.32	0.14	0.2	0.47
dividend per					
share	0.18	0.19	0.11	0.04	0.09
price to					
book value	0.09	0.13	0.14	0.05	0.013

Profitability	dividend yield	return on equity	return on Assets
dividend yield	1	0.25	0.14
return one Equity	4	1	5
return on Assets	6	0.50	1
Total	11	1.75	6.14

Profitability	dividend yield	return on equity	return on Assets	SUM	AVG
dividend yield	0.1	0.15	0.03	0.28	0.09
return one Equity	0.36	0.57	0.81	1.74	0.58
return on Assets	0.54	0.28	0.16	0.98	0.33
					1

Leverage & liquidity	total equity to total assets	total liability to total equity	management	
total equity to total assets		1	0.14	1
total liability to total equity		7	1	5
Management		1	0.2	1
		9	1.34	7

leverage& liquidity	Total Equity to total assets	total liability	management	SUM	Avg
Total Equity to total assets	0.11	0.10	0.14	0.1	0.11
total liability to total equity	0.78	0.75	0.71	2.24	0.75
management	0.11	0.15	0.15	0.41	0.14

1





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Non-Conventional Organizations - the Messengers of the Future in the World of Organizations and Management

By Zoltán Csigás & Gergely Németh

Corporate Values, Hungary

Abstract- This study offers a pioneering description of non-conventional organizations (NCOs), enterprises which the authors suggest provide potential templates for the structure and operation of organizations of the future. Using established definitions of what constitutes an entrepreneur, the authors establish two criteria by which an organization might be judged as being an NCO, including the notion of “absolute uniqueness” and, according to the evolutionary model, the ability to pass on their non-conventional solutions to organizations of the future. The authors identify NCOs of the past and propose candidate NCOs of the present.

Keywords: *forms of business enterprises, patterns of entrepreneurship, non-conventional organizations, organizations of the future.*

GJMBR - A Classification : JELCode : M19



NON-CONVENTIONAL ORGANIZATIONS THE MESSENGERS OF THE FUTURE IN THE WORLD OF ORGANIZATIONS AND MANAGEMENT

Strictly as per the compliance and regulations of:



Non-Conventional Organizations – the Messengers of the Future in the World of Organizations and Management

Zoltán Csígás ^α & Gergely Németh ^α

Abstract- This study offers a pioneering description of non-conventional organizations (NCOs), enterprises which the authors suggest provide potential templates for the structure and operation of organizations of the future. Using established definitions of what constitutes an entrepreneur, the authors establish two criteria by which an organization might be judged as being an NCO, including the notion of “absolute uniqueness” and, according to the evolutionary model, the ability to pass on their non-conventional solutions to organizations of the future. The authors identify NCOs of the past and propose candidate NCOs of the present.

Keywords: forms of business enterprises, patterns of entrepreneurship, non-conventional organizations, organizations of the future.

I. INTRODUCTION

What will the organization of the future look like? This is a question we often pose to business leaders, but very few of them take a visionary leap and look beyond the next few days and months in an attempt to reveal the future of their organizations or of organizations in general. We, as organizational development consultants, continually direct our clients towards better, more effective and more “modern” organizations. But what do we mean by “modern”? Though we are charged with offering inspiring and innovative solutions, just how innovative are they? Most of our clients want to be shown solutions that work, solutions that, moreover, have proven track records. This inherent conservatism in approach may produce better organizations for the present, but will such “conventional” solutions produce organizations best prepared for the world of business in ten, twenty or fifty years’ time?

While preparing the Organizational Development World Summit 2010 in Budapest, the authors got closer to understanding how the organization of the future might look (Németh, 2009). In this article – which might be regarded as a theoretical introduction to the study of future organizations – we review our approach to the exploration of the structure and functioning of future organizations, and we

introduce our central concepts that might serve as a basis for further thinking.

II. THE CONCEPT OF A NON-CONVENTIONAL ORGANIZATION – ORGANIZATIONAL DEVELOPMENT WORLD SUMMIT 2010

This event served as the global meeting of organizational development professionals, connecting a wide range of professional disciplines and societies. Alongside the objectives of mutual inspiration, knowledge sharing and networking opportunities, the event also had an “historical” goal. We wanted to analyze how the organizational development profession – and indeed organizations themselves – has evolved over time, from the origin of the profession in the late 1940s, to current practices and on to the foreseeable future. The non-conventional organization (NCO) program was specifically established to explore the future of our practice and of organizations. To facilitate this exploration, we spotlighted some inspirational organizations at our conference, organizations that are outstanding in terms of performance, sustainability and many other criteria. In short, we endeavoured to identify those organizations that are trendsetters and that can serve as blueprints for not only today’s managers but also for current and potential entrepreneurs – as well as for consultants, as the agents of change – in terms of their structure and their operation.

III. GRASPING THE FUTURE OF ORGANIZATIONS – A SNAPSHOT OF POSSIBLE APPROACHES TO ANALYZING AND DEFINING AN NCO

How can we peer into the structure and operation of future organizations? There are several widely used methods for predicting the future of organizations and plotting its possible variants. These methods are mostly based on strategic planning processes (Loveridge, 2008; Costanzo & MacKay, 2009; Mintzberg et al, 2002). There are up to forty accepted methods at present according to the methodological handbooks (e.g. Glenn & Gordon, 2009; Jackson, 2011), and all these essentially follow the main steps of

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the general foresight paradigm delineated by Voros (2003). Despite the wide methodological palette available and the economic and social necessity to elucidate the future of business (e.g. Slaughter & Bussey, 2006), studies on the future of organizations have still applied only a very limited range of the available approaches and methods.

In the last few years, most descriptions of future organizations have been founded on scenario-based studies (e.g. Laubacher & Malone, 1997; Gray & Hovav, 2007). These studies were based on identifying major determinant forces (or "drivers") in different business fields and aimed to describe those organizational, leadership and operational models that could provide efficient, sustainable operations in the predicted business environment of the future.

In the 2007 PricewaterhouseCoopers study *Managing Tomorrow's People*, which attempted to forecast the nature of business and of organizations in 2020, the most probable future scenarios were examined based on the possible interactions of four antagonistic pairs of "global forces". These four pairs were business fragmentation vs. corporate integration, individualism vs. collectivism, globalization vs. reverse globalization, and the axis of technological penetration: "I control technology" vs. "Technology controls me". Based on these, three feasible economic realities were conceptualized, together with the associated corporate metaphors. The so-called "blue world", which combines the fulfilment of integration and individualism, will probably be ruled by monumental, hierarchical corporations ("Corporate is king"), while the "green world", emerging from the combined forces of integration and collectivism, will be characterized by companies organized along different values ("Companies care"). In the "orange world" of fragmented businesses the competitive advantage of "Small is beautiful" will be typical, and these small enterprises will emerge from the constantly changing social networks of individual employees. The PwC study describes the management practices of each corporate form in detail, and this way it gives quite an accurate picture of the prospective inner structures of the organizations.

The well-known disadvantage of this approach lies in its weakness in incorporating unusual and unexpected changes and the dynamic nature of the future (Schwarz, 2009). The hypothetical future cannot be any more diversified than that allowed by the creativity of the researchers composing the scenario. Just as in the case of Ashby's Law (1958), we cannot disregard certain frameworks. Another possible method of delineating the future, including the future of organizations, is through extrapolation of trends occurring in the present. Applying this approach we can only forecast the continuation and strengthening of currently existing processes (e.g. Cetron & Davies, 2010; Feldman, 2010).

We may base our presentation of the structure and operation of future organizations on the predictions and assumptions that have already been presented in the literature on management science (e.g. Hesselbein & Goldsmith, 2009). Even without an exhaustive review, we are able to summarize those key characteristics identified by contemporary academic authors and current business leaders of organizations that might best survive in both the current business environment and, moreover, proliferate in the business environment of the future. Three such characteristics are flexibility, agility and the preparedness for continuous change. These characteristics make assumptions about future organizations based on the continuation of diversified environmental states (which are almost unpredictable even today) and the necessity of corporate adaptation to these states. Another approach, which emphasizes the importance of individual and corporate identity as a stable point (often originating from the actual inconsistency of the environment believed to be constant), makes strong assumptions about the corporate culture of future organizations. The authors forecast the emergence of organizations that have a strong inner identity (rather than those characterized by processes that permit flexible, continuous inner changes): such organizations provide an extraordinarily stable environment to their members.

While preparing our research, we decided that in addition to a combination of academic knowledge and extrapolation methods based on contemporary mainstream trends, we should also incorporate the idea of organic development into our approach.

IV. DISCUSSION – WHO IS THE ENTREPRENEUR THAT CAN CREATE SOMETHING TRULY EXCEPTIONAL?

A full review of the literature pertaining to this question, which is almost big enough to fill a library on its own, is beyond the scope of this paper; however, we might provide a short summary of the identity of such an entrepreneur limiting ourselves to the outstanding work of Urban (ed. 2010) and a selection of other important analyses (Salgado-Banda, 2005; Audretsch et al, 2010; Dabkowski, 2011). According to Schumpeter (1934/1980), an entrepreneur is a person who is an owner of a small business in a competitive environment who manages to create a better management system, and who introduces new, innovative products and processes (Gray, 2002, p61). Entrepreneurs are individuals who operate an enterprise in the profit or non-profit sector and whose business behavior is characterized by innovation, growth, taking risks, reorganizing resources, and creating workplaces (Schumpeter, 1934; Knight, 1921; Bolton, 1971; Stanworth & Gray, 1991; Storey, 1994).

In a broader framework, entrepreneurs are individuals who operate a business enterprise and are growth-oriented. Their management capabilities and their focus on setting and achieving goals create added value to the customer, conferring a competitive advantage on their enterprises. Schumpeter (1934) also defines the entrepreneur as an agent of change, one who combines the concept of a product or service, or the use of the available resources, in an innovative way (e.g. Schultz 1975). This latter definition is a particularly fruitful one for the authors in the context of the evolution of organizations.

V. THE BASIS OF THE EVOLUTIONARY APPROACH

The evolution of operational dynamics in the corporate world is believed by some authors to follow similar principles to evolutionary biology. In a given niche (where a market segment is equated to an ecological niche) the organizations (the “living creatures”) compete with each other to survive and proliferate (expressed in terms of making a profit, realizing business goals, etc.). Those organizations having characteristics that provide a competitive advantage in the market place and which can best adapt to the prevailing environmental circumstances are better able to prosper (Kieser & Woywode, 2006). A new idea, either for a product or for the *modus vivendi* of the organization, can create added value and thus provide a competitive advantage. László Mérő (2007) gave the name *món* to these organizational phenomena. In our approach, being an NCO is a *món*, or a combination of a number of them (a *món*-pattern), which differs from the organizational *món*-pattern specific to the given period of time.

VI. NON-CONVENTIONAL ORGANIZATIONS: TRACKING IMPERCEPTIBLE ORGANIC DEVELOPMENT

While preparing for the conference, we were looking for existing organizations which already have in place operational practices that we predict will be successful in the future, either the methods these organizations use or their organizational structure. We were looking for organizations that seemed to be able to successfully “pass on” their advanced, unorthodox practices to future generations of organizations. Both the existence of unorthodox practices and the ability to pass them on were defining characteristics in our view. We termed these exemplary, inspiring organizations non-conventional organizations (NCOs). We were looking for organizations and organizational practices which can be considered in the eyes of the futurists as “weak signals” or “future signs” (Ansoff, 1975; Hiltunen, 2010).

Since we had to conduct a complete search process, we had to provide a precise definition in order to be able to identify such non-conventional organizations. While formulating this definition, constantly interpreting it and working on its premise, we encountered many and mostly unforeseen questions. The process of considering and attempting to answer these questions took us significantly closer to establishing and forming our own ideas and expectations regarding the organizations of the future.

a) Our definition consisted of two criteria

i. First criterion

a. *The organization must show an above-average performance, or have the potential for such performance in its own field of operation or industry.*

ii. Rationale for the first criterion

Those organizations that exhibit poor performance in their current environment, that are not successful, and that lack the potential for success in the future, are less likely to survive to a future time. After exhausting their reserves and losing their investors, they will struggle to remain participants in the present: they also lose their ability to pass on to the future the advanced practices they were using. Thus, they will not play any role in the future; we cannot use them as exemplars. The evolutionary process makes its selection.

iii. Our dilemmas regarding the first criterion

1. Our first dilemma emerged from the interpretation of the word “organization”, specifically whether we should include project teams which were specifically established to achieve a single concrete goal. For instance, should we consider the election campaign organization of Barack Obama – which we regarded as being non-conventional because of their creative use of statistical methods and the Internet – an “organization”? Is it necessary for an organization to work continuously? In our opinion it is not, and we made our decision accordingly. We believe that these one-time or transient organizations can also serve as extraordinarily inspiring examples for the organizations of the present and future; they can pass on their characteristics to the future simply by being memorable, embodied in the *món* established and created by them.
2. In our initial definition we only used the word “success”. But by which criteria can an organization be considered successful? If it is financially successful? If it endures? (and, in this case, how long must it endure?) It seemed logical to establish several parallel success criteria, but to use them in a search process seemed to be impossible.

In addition to the difficulty of defining success as a business concept (especially given the “cult of

success" characteristic of the present day and the speed at which information and efficient solutions spread), we also assumed that the modern operating methods of those organizations considered successful are actively imitated and adapted by competing companies. As such, they would not fit our next criterion. They are no longer the "new" innovative thinkers, rather they are determinative agents of already existing trends: they have become trendsetters. These organizations might be considered the "NCOs of yesterday". In connection with this dilemma, we will mention as examples the car manufacturers Toyota and Ford. Ford were pioneers in the field of standardized production, in the use of the assembly line, technological sequence, etc. Toyota, on the other hand, can be considered one of the NCOs of the 1970s and 1980s because of their development of a number of innovative methods, such as lean, Just in Time, kanban systems, value-oriented management, 5S, etc. (Likert, 2004; Spear & Bowen, 1999; Likert & Hoseus, 2008; Hirotaka et al., 2008). Both organizations incorporated some unusual, sometimes unique solutions in their time; however, the adaption of those solutions is already remarkably widespread in the corporate life of our days. There are some organizations, for example Google, that have built themselves up by combining some of their new, innovative móns and some older ones, in doing so establishing a highly successful organization (Iyer & Davenport, 2008; Hagiu & Yoffie, 2009).

Consequently, and as a compromise, we resolved to use both high performance and the potential for high performance in our definition. We defined performance by the evident or potential achievement of the goals set by the organization. We assumed that those organizations that could achieve their own goals would be able to endure. Performance, on the other hand, does not necessarily mean financial success or satisfied customers and employees. For example, we considered the Hotel Panda in Budapest a good example of our definition. This three-star hotel works almost exclusively with employees with some sort of learning or physical impairment. The enterprise works, in the sense that it has endured; it offers a service to its clients and provides a job for its employees. We can consider it a well-performing organization, but not necessarily, in today's common meaning of the word, successful; for example, there is no Hotel Panda chain.

iv. Second criterion

Success and the related dilemma of imitation have a direct and close relationship in the second criterion for our definition.

The abovementioned high performance of an organization must be reached by an unusual, non-conventional method of operation, by value proposition, a unique business model and management, or by a unique process system.

During our research, simply having a unique product or service was not in itself enough to achieve the status of NCO.

v. Rationale

We wanted to capture the essence of non-conventionality in this point. The list is only for guidance, but it also represents our own open approach we wanted to apply during our search. We found it important that innovation be a central element of the operation of the organization, that is, it had to unequivocally contribute to the high performance or make high performance possible.

vi. Our dilemmas regarding the second criterion

We faced two serious dilemmas during our research created by the second part of our definition. The first one is the previously discussed question of uniqueness, of novelty, that underpins the organization's success. For example, can we consider the web-based commercial models of eBay or Amazon.com unique? Is the business model of Anytmeeting.com unique in that it provides all the necessary systems for its clients to hold webinars completely free of charge? Is the idea of "full vertical ownership" (motivational share options available for the whole employee group) special? These solutions are interesting but clearly not unique. Webshops and business models based on free services are widespread these days, but in the 1980s and 1990s these models were NCOs.

The dilemma of judging "uniqueness" can be resolved into several questions. The first question is the one illustrated by the examples above, that is, the question of "absolute uniqueness": Does the organization show an attribute or characteristic that we have not seen before? The second question is whether the organization exhibits a unique characteristic combination (*món-combination*). For example, does it make Radical Inclusion, the boutique consultant company, which is conventional in many aspects, "unique enough" in the way they apply fully virtualized internal co-operation processes? Looking for the answer to this question leads us, theoretically at least, to the next question, which is to identify the typical *món-combinations* of an era (in terms of the variables of time, geography, economy, or the ecosystem of an enterprise). How unique should an NCO be? Answering this question completely reaches far beyond the scope of this article, but it may be worthwhile to have a look at how we might begin to tackle it. For example, one recent analysis identified the typical characteristics of a successful start-up and its typical development curve, highlighting the optimal structure of the group, the business model, and its financing (Marmer et al., 2012). Such an analysis could help us recognize successful start-ups that do not fit the typical *món-combination* or "conventional" model.

The uniqueness of the *món*-patterns, based on the evolutionary approach, must be defined in relation to the environmental conditions of the given organization. Those current surveys presently known to us concentrate on the ranking of the business environment (e.g. cities, countries, industrial branches) along the lines of a specific viewpoint-system rather than on a differentiated comparative analysis. To our knowledge, there have only been a few case studies in which the characteristics of successful organizations in a given environment have been studied. In an analysis that examined Israeli start-ups (Chorev & Anderson, 2013), business factors were categorized according to how important they were to the ecosystem and to the start-ups' ultimate success. Among the most important factors were strategy, the business "idea", marketing, and the loyalty and expertise of the employees; less important ones were judged to be management, public relations, and research and development; the least important ones were the economic and political environment (Magos & Németh, 2014).

Our second dilemma about the second criterion was in judging whether non-conventional character is central to the organization, or more precisely whether the uniqueness we believed to have identified in the organization did indeed significantly contribute to its performance. Is the unique, regularly changing management structure of the counselling company Vialto (which is based on the controlled rotation of the senior circle) a central element of their success? Do the logistics innovations of the Indian company Akashaya Patra, which provides food to children to help them perform better at school, play a significant part in the company's work? To what extent do the spiritual teachings followed by both the founders and healers of the Aravind Eye Hospital contribute to the operational efficiency and celebrity of the hospital? Based on the correspondence with the people involved and the documents that we collected, we decided that the answer is in the affirmative in each case.

VII. CONCLUSION

In summary, we were looking for organizations that have introduced a significant degree of innovation in some field (or fields) of their operation, but do not yet have a large number of followers applying this innovation. Our search focused on mutations, positive deviations from the ordinary, and exclusively ones that are capable of survival. In addition, the organization must demonstrate its uniqueness not only in its phenotype but in its genotype as well, on the level of the organizational DNA (Morgan, 1998; Neilson et al, 2003; Bray et al, 2011; Baksin, 2012). We were looking for organizations that were already employing the potential operational methods of the future organizations and that

show the potential to be effective, indeed successful, in the future with the help of these methods.

In order to classify those organizations we found, we established a 2x2 matrix categorization system (this can be viewed at the end of this article, complete with examples). One of the dimensions in this matrix was the organizational phenomenon, expressed either as an introverted or extroverted factor. For example, a HR process or a development in organizational culture is an introverted factor; on the other hand, a development valuable to the clients of the organization, e.g. self-service or wandering in the warehouses of IKEA, are extroverted: these reach over the boundaries of the organizations. Our other chosen dimension for the matrix was whether the organizational phenomenon/innovation affects value creation directly or indirectly. Using the examples above, the introduction and operation of an innovative talent-management system does not provide a direct contribution to the value creation, rather it contributes indirectly; on the other hand, in the IKEA example we can definitely speak about a direct contribution, although we have highlighted only one element of the value-creation chain (Porter, 1995).

a) *Detour: Tracking down the non-conventional organizations*

In the preparation phase of our research we mainly used as sources of information to reveal NCOs Internet forums, innovation webpages, community networks, industrial sources, and recommendations from fellow consultants. After identifying interesting candidates, we tried to clarify through personal contact whether the given organization matches our research criteria and also whether they might wish to join our conference program. Eventually, we identified just over a hundred possible NCO candidates. During the analysis of our research we found several possible explanations for this relatively low number of NCO candidates.

It is conceivable that we established a definition which was too strict, even in its current modified form. We might have been able to include more organizations as candidate NCOs by leaving out the first criterion. However, this would have meant us discarding the importance placed on the evolutionary aspect.

During our research, we also identified the difficulty in acquiring information as a main obstacle. Our research team found it particularly difficult to gather sufficient information and impressions related to our first criterion. Notwithstanding the practical difficulties, we finally came to the conclusion that the number of NCOs is indeed quite small. Whether this small number means that we should be concerned for the flexibility and endurance of present or future organizations is a pertinent question, but one that we cannot begin to answer in this current article.

b) Examples for the non-conventional organizations

i. Radical Inclusion

Radical Inclusion is a consulting company that provides services to organizations anywhere in the world. Their main field of service is the reform and improvement of work processes through the introduction of tools for virtual cooperation, and the support subsequently given for the professional application of these tools. However, the true non-conventionality of Radical Inclusion does not lie in the service it provides, but in the way their own internal operation has perfected this virtual cooperation. The members of the five-strong team of the company live in four different countries. They have no personal contact with each other in their everyday work; they communicate through different technical solutions (e.g. Skype, phone, AIM, cloud-based document libraries, forums). They have built up their shared virtual work surface according to a definite system, and there you can find a virtual client space, a coffee room for joint relaxation and inspiration, as well as their personal work surfaces. According to the founders, in the first year following the foundation of the company they met up only virtually and never face-to-face.

The key element of the company's strong performance, in addition to the virtual or blended work processes they offer, is their own special *modus vivendi*, which gives them maximum credibility in the eyes of their clients in the field of virtual organizations.

ii. NESsT

During our research, the global organization NESsT also caught our attention by virtue of its distinctive operating model and the philosophy that lies behind it. Combining the models of venture investment and philanthropy, the organization applies the approach of "Venture Philanthropy". Using this approach they support social enterprises, that is, organizations working for social objectives. However, their support is not limited to financial aid; NESsT handles the money given for good purposes as investments. Through a wide range of consulting services, experience sharing and other tools, it builds on the initial success of the investment so that the clients' social objectives are sustainable, as well as ensuring the initial investment is financially worthwhile. The combination of the two operational models – venture investment and philanthropy – makes this organization unique.

We determined that NESsT was successful by virtue of the steadily growing number of organizations they support and the growth of the capital available for this support.

iii. Mumbai Dabbawalas

This Mumbai-based food distribution company employs several thousands of couriers, most of whom are illiterate or lacking basic educational skills. With their help they deliver daily more than two hundred thousand

home-cooked meals in lunch boxes from the residence of their clients where they are prepared to work places and schools all around the city, often to places which lack an address or telephone number (e.g. construction sites). They also do this with such punctuality and reliability that they can manage to compete with the services of professional logistic companies that employ high-tech equipment. Their reported error rate is 1 in 1,000,000, equivalent to the results of the six sigma methodology. The success of these food couriers, evidenced not least by the winning of numerous international prizes and invitations to give presentations at countless conferences, is based on the efficient inner organization, trust and strong loyalty. In the maintenance of the system the common ownership and the equitable share of wages within the organization, which has a flat management structure despite it having 5000 members, plays an important role (Covell, 2009).

c) The non-conventional organizations of the recent past

During our research, we identified several organizations whose unique operational models and special practices have already been copied by other organizations. We have not included these organizations in our research, but some of them are worth mentioning as the trendsetters of yesterday. Studying their examples can guide us in understanding how the NCOs of today might affect the world of the organizations of the near future.

i. Amazon.com and ebay.com

These two companies have remained pioneers in e-commerce over the last couple of decades. They have established the world's biggest webshops and social "marketplaces" (Darren, 2004; Ho, 2008). Virtual commerce is an orthodox solution today; however, the success of these organizations raises the question as to which new commercial platforms we might see in the years to come.

ii. Zara (Inditex group)

The world-famous clothing retailers achieved an industry-level competitive advantage by shortening the design and production cycle for their merchandise. In contrast to other retailers whose seasonal collections are typically planned one year in advance, this shorter cycle has allowed Zara to keep their customers' interest by offering them fresh collections in the same season (Ferdows et al., 2004). Control of the entire production process, from the design stage to the clothes hitting the shops – a kind of democratization of the fashion industry – has played a key role in the success of the Inditex group (Bonnin, 2002). Zara was able to step out of the circle of expectations and, in the vernacular of the time, "think outside the box". Which will be the next box that high-output manufacturers leave behind?

iii. *Southwest Airlines (SWA)*

Southwest Airlines was the pioneer of the budget airline business model (Raynor, 2011; Kaplan & Norton, 2004). To offset the loss of revenue from sales of cheaper airline tickets, the company cut back on extra services (in-flight meals, waiting rooms, etc.). Although these steps might first have appeared as a loss in value for the passengers, the airline was able to increase the number of flights per day on a given route and also fly to more destinations, thereby increasing the interconnectivity of their network. Their operational model has since been copied by several other airlines. The example of Southwest raises the question as to where the boundaries of services lie: which are the elements of service that will no longer be provided free of charge in the next few years?

iv. *NetFlix*

The NetFlix organization has an original way of managing its talents and high-performing employees. It places great emphasis on its corporate values, aligning selection of new employees with these values and making them clear to new recruits; these values also permeate the workplace. The organizational culture is founded on understanding and logic rather than being rule-based. In the terminology of transactional analysis, NetFlix treats its co-workers as “adults” and it counts on their intelligence, encouraging their creativity in an inspirational and supportive atmosphere, instead of just expecting them to adapt to certain rules (as “children”). There are no performance bonuses; on the other hand, the workers can work in excellent, comfortable premises (Mc Cord, 2014).

	Indirect effect on creating values	Direct effect on creating values
Effect outside the organization	ZARA (Inditex)	Radical Inclusion; NESst; SWA; Amazon; Ebay; Toyota; Ford;
Effect within the organization	Semco; Vagas.com; Statoil; NetFlix	Mumbai Dabbawalas

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A Theoretical Approach to Customer Relationship Management and Communication

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Abstract- Nowadays customer relationship management process is a marketing approach used by various businesses. Management of customer relations provides businesses with great profits, especially in the case of gaining superiority in competition. This approach represents a process in the first place. It should be applied in an efficient and successful way by businesses. Moreover, ensuring customers' satisfaction while providing them with products and services plays a crucial role in increasing the profit rates. The efficiency level in communication among employees and customers forms one of the most important implementations enabling customer satisfaction.

Keywords: *customer, process of customer relationship management, communication.*

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ATHEORETICALAPPROACHTOCUSTOMERRELATIONSHIPMANAGEMENTANDCOMMUNICATION

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A Theoretical Approach to Customer Relationship Management and Communication

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Abstract- Nowadays customer relationship management process is a marketing approach used by various businesses. Management of customer relations provides businesses with great profits, especially in the case of gaining superiority in competition. This approach represents a process in the first place. It should be applied in an efficient and successful way by businesses. Moreover, ensuring customers' satisfaction while providing them with products and services plays a crucial role in increasing the profit rates. The efficiency level in communication among employees and customers forms one of the most important implementations enabling customer satisfaction.

In this study, several concepts related to customer relationship management, including the management process and communication in this process, will be explained.

Keywords: customer, process of customer relationship management, communication.

I. INTRODUCTION

In today's time, globalization removes boundaries among countries. This caused a furious competition environment with regards to all sectors (Farrell, vd, 2001; Bradyvd, 2002). All businesses are affected by this competition considerably. Therefore, in order to be able to survive in this competitive environment, today's businesses need to improve the process of customer relationship management along with the quality of the products and services they provide. (Fowdar, 2007; İkiz ve Masoudi, 2008). Recent developments around the world, forces businesses to use marketing strategies on customers in order to gain advantage in the competition by ensuring customer satisfaction. Given that we live in an information age, improving the process of customer relationship management, offering products and services by using various advanced methods and therefore increasing customers' level of loyalty to businesses are the things which take place at the top of marketing strategies. (Eccless ve Durand, 1997; Akbaba, 2006; Hsiehvd, 2008; Kim vd, 2009).

Individuals have an important role in presenting products and services produced by businesses according to wishes of customers (Özkul, 2007). The extent of communication between a customer and a

staff member affects customer's perception of the quality of products or services (Olalı ve Korzay, 2004; Çikmaz, 2013). Communication level of a staff member not only affects customer satisfaction, but it also helps to eliminate the possible service mistakes done by the staff member. As a result of this, communication level of staff members is crucial in terms of customer satisfaction and the profit rate of all businesses (Sigala, 2003; Heung ve Lam, 2003).

II. GENERAL CONCEPTS ABOUT CUSTOMER RELATIONSHIP MANAGEMENT

a) Customer

A customer is a person or a foundation who/which buys a specific product of a certain business for administrative or private purposes. A current customer is a customer whom a business sells frequently and who buys products or services constantly from a certain business. Prospect is a customer candidate with whom a business negotiates about sales. An old customer is a customer who was a customer of a business, yet stopped being a customer for some reasons. A new customer is a customer who buys products or services from a business for the first time. Target customer is a customer who is targeted by a certain business as to sell specific products.

b) Customer Lifetime Value

The value of a customer in a lifecycle determines the concept of customer life. In an undefined lifetime, value of a customer life can not be measured. Customer lifetime value is determined with regard to a lot of criteria including customer holding costs, rate of order in a year, total income, direct cost, customer acquisition costs, discount rate. Customer value differs according to businesses in the way that customers' expectations change from business to business. Therefore customers are ranked by their value and differ in accordance with their needs. (Yıldız, 2002:65-69).

c) Customer Loyalty

Modern marketing concept is a business management philosophy including all units of a business to study coordinately in order to determine consumers' requests and needs and gain their satisfaction (Varinli, 2008: 2). Since modern marketing aims to gain a continuity in acquiring customer satisfaction by meeting their needs, it helps businesses

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to make profit and gain customers' loyalty. (Durmaz, 2006:2).

Customer loyalty can be defined as customers' tendency of buying the same product or shopping from the same store to meet their needs. (Walters and Bergiel, 1989: 497).

A strong customer loyalty is one of the most important thing businesses could have. The strength of customers' loyalty and attitude towards a company makes it hard for its opponents to attract its customers. We can list some of the advantages of customer loyalty in terms of businesses as; easing the process of selling, maintaining marketing stability, gaining control over prices, customers visit relevant company more often, and they help companies with channel of distribution (Sharp, 1997: 473).

III. CUSTOMER RELATIONSHIP MANAGEMENT PROCESS

Customer relationship management process consists of four stages. These stages are; customer selection, customer acquisition, customer retention and customer deepening. (Anton, 1996: 15).

a) Customer Selection

In this stage it is aimed to define and group the intended population. In CRM's philosophy customer selection is important since every customer and customer group carries different value and is integrated into different campaigns. Determining the target audience, segmentation and positioning for the target audience and developing campaigns in accordance with positioning data falls into this part also.

b) Customer Acquisition

The main purpose of this stage is "selling". It seeks the most efficient way of selling products or services to customers. Need analysis, developing offers and prerequisites about buying and selling are also done in this stage.

c) Customer Retention

One of the determining factors in CRM is customer loyalty. CRM gives importance to keeping the current customers as well as gaining new ones. Contrary to traditional belief, establishing relationships about sale with current customers is very important. Customer retention stage, seeks an answer to the question "How long a customer can be retained?" The purpose is to connect customers to institution and keep them by ensuring continuity and loyalty in relations. For this stage some marketing efforts, such as; order management, demand organization and problem management, should be developed.

d) Customer Deepening

This stage consists of steps for maintaining the loyalty and profitability of a current customer and raising

customer expense share. "Share of wallet" is one of the concepts which is questioned in this stage. The purpose is to profit the continuity of customer relationship. Need analysis for customers and cross-selling campaigns are suggested for this stage. (Arslan, 2013: 80).

IV. COMMUNICATION IN THE PROCESS OF CUSTOMER RELATIONSHIP MANAGEMENT

Since finding an employment has become very hard these days, a good education by itself is not enough for it. One should follow certain rules along with education. It is an undeniable truth that individuals who can work with customers in harmony and provide customers with motivating and constructive feedbacks to reach target-driven solutions are able to ensure customer relationship management successfully. (Çikmaz, 2013: 33).

a) Communication Process

A communication process may change depending on individuals' knowledge, purpose and their cultural and psychological aspects. Therefore, for an efficient communication process to happen, several factors need to come together. Key elements to a communication process are; source, message, channel, receiver and feedback. (Misırlı, 2007: 2).

Source is the one who/which starts the communication process and sends the message. It can be a person or a device which has different qualities. Source turns a notion or a behavior into a message by using words, numbers, figures, signs and other symbols when we want to convey them to the receiver. Source is crucial for a successful communication process to happen. If the source can not gain the receiver's confidence for any reason, communication process won't be successful. Thus, source should choose topics in which receiver have interest, talk comprehensibly and dress according to the receiver's culture. (Fidan, 2009: 36).

Message enables the relationship between source and receiver. Therefore it is the central point in communication process.

Receiver is a person or a group who interpret the message of source and respond to it. (Zillioğlu, 2003: 98). Receiver deciphers the message and answers using new codes. All customers in a store are considered as receivers. However, not all receivers perceive the same thing from the same message since every individual has different background, value judgement, prejudice and thought system. (Sezgin ve Akgöz, 2009: 22).

A message is sent back to source from receiver through feedback. Feedback shows us the way receiver interpret the message. An efficient communication is formed by positive feedback. Positive feedback consists of several steps; (Tutar, 2009: 80-81):

- 1) Message is taken.
- 2) Message is perceived.
- 3) Message is interpreted correctly.
- 4) Receiver is ready for feedback.

b) *Effective Communication with Customers*

Communication means conveying ideas, feelings or information to others, using several methods including a message and feedback. It is not only information exchange, but also a comprehension activity. Communication starts within a staff member or a supplier and is reflected on customers with a smile, removing possible inconvenient situations. The next step for an individual who made the customer ready for the message is to develop a communication language in a harmony with the customer. Sharing the same language with customers does not mean that they (salesperson and customers) share the same language in communication. They could have different communication frequency. (Çelebi, 2013: 160).

Knowing customers names and addressing them with their names makes customers happy. This should not be considered as a deception, on the contrary, this kind of motivation makes customers feel good. This makes it easier for salesperson to do his/her job. Bringing out the best sides of customers is considered as the beginning of a good communication. Carefully watching customers and listening to them without prejudice makes people realize the reasons behind disagreements and false viewpoints. In this way, efficient communication comes into being. The best way to an efficient communication with costumers is to approach them in respect and without prejudice. (Dwight, 1996: 47).

In an efficient communication, mutual understanding is very important. In order to make understanding easier, one should convey the message according to adresees level and perception management and feedback should be operated as a process. (William, 1981: 22).

V. CONSLUSION

Customer relationship management (CRM) will be important for future businesses as it is for today's businesses. Future customers will have limited time for shopping and higher expectations. It is predicted that companies which will serve the future generations will have very wide data bases for customers and manage customer relations by reaching vast amount of customer information thanks to developed technology.

CRM in businesses which want to be successful in the future, represents a process in the first place. Listening to customers comes first in this process. Then it continues with determinig the customers expectations of businesses. Businesses need to understand their customers and listen to them carefully in order to keep

their customers for a long time, since to be interested in customers is not solely enough. They need to serve customers with higher quality and different range of products and services at every turn. Businesses need to construct themselves taking CRM into the centre in order to have more profitable and loyal customers. In this construction, quality of service is directly proportional with personnels' attitude towards customers and their communication skills. Therefore, they need to have efficient communication skills to have a successful customer relationship.

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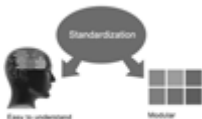
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