OnlineISSN:2249-4588
PrintISSN:0975-5853
DOI:10.17406/GJMBR

Global Journal

of Management and Business Research: B

Economics and Commerce



Economic Growth and Poverty

Digital Economy & Communication

Highlights

Determinants of Loan Repayment

Agricultural and Economic Solutions

Discovering Thoughts, Inventing Future

VOLUME 18 ISSUE 4 VERSION 1.0

© 2001-2018 by Global Journal of Management and Business Research, USA

Volume 18 Issue 20 was originally issued as B4

Global Journal of Management and Business Research: B
Economics and Commerce

Volume 18 Issue 20
Originally issued as B4

Global Journal of Management and Business Research: B
Economics and Commerce

Volume 18 Issue 4 (Ver. 1.0)

Open Association of Research Society

© Global Journal of Management and Business Research. 2018.

All rights reserved.

This is a special issue published in version 1.0 of "Global Journal of Science Frontier Research." By Global Journals Inc.

All articles are open access articles distributed under "Global Journal of Science Frontier Research"

Reading License, which permits restricted use. Entire contents are copyright by of "Global Journal of Science Frontier Research" unless otherwise noted on specific articles.

No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopy, recording, or any information storage and retrieval system, without written permission.

The opinions and statements made in this book are those of the authors concerned. Ultraculture has not verified and neither confirms nor denies any of the foregoing and no warranty or fitness is implied.

Engage with the contents herein at your own risk.

The use of this journal, and the terms and conditions for our providing information, is governed by our Disclaimer, Terms and Conditions and Privacy Policy given on our website http://globaljournals.us/terms-and-condition/menu-id-1463/

By referring / using / reading / any type of association / referencing this journal, this signifies and you acknowledge that you have read them and that you accept and will be bound by the terms thereof.

All information, journals, this journal, activities undertaken, materials, services and our website, terms and conditions, privacy policy, and this journal is subject to change anytime without any prior notice.

Incorporation No.: 0423089
License No.: 42125/022010/1186
Registration No.: 430374
Import-Export Code: 1109007027
Employer Identification Number (EIN):
USA Tax ID: 98-0673427

Global Journals Inc.

*(A Delaware USA Incorporation with "Good Standing"; **Reg. Number: 0423089**)*

Sponsors: Open Association of Research Society
Open Scientific Standards

Publisher's Headquarters office

Global Journals® Headquarters
945th Concord Streets,
Framingham Massachusetts Pin: 01701,
United States of America
USA Toll Free: +001-888-839-7392
USA Toll Free Fax: +001-888-839-7392

Offset Typesetting

Global Journals Incorporated
2nd, Lansdowne, Lansdowne Rd., Croydon-Surrey,
Pin: CR9 2ER, United Kingdom

Packaging & Continental Dispatching

Global Journals Pvt Ltd
E-3130 Sudama Nagar, Near Gopur Square,
Indore, M.P., Pin:452009, India

Find a correspondence nodal officer near you

To find nodal officer of your country, please email us at *local@globaljournals.org*

eContacts

Press Inquiries: *press@globaljournals.org*
Investor Inquiries: *investors@globaljournals.org*
Technical Support: *technology@globaljournals.org*
Media & Releases: *media@globaljournals.org*

Pricing (Excluding Air Parcel Charges):

Yearly Subscription (Personal & Institutional)
250 USD (B/W) & 350 USD (Color)

Editorial Board

Global Journal of Management and Business Research

Dr. John D. Theodore

American Military University
JDT Management Consultants, President.
D.B.A., Business Economy
University of South Africa
Ph.D. Aristotelian University
Business Administration
Ph.D. Administration, University of Kansas
USA

Prof. Moji Moatamedi

Honorary Vice Chair
Ph.D., at The University of Sheffield,
MBA, Manchester Business School
University of Manchester
UK

Dr. R. Allen Shoaf

B.A., M.A., Ph.D. Cornell University
Cornell University, Teaching Assistant in the English Department,
University of Florida, US

Professor Maura Sheehan

Professor, International Management
Director, International Centre
for Management & Governance Research (ICMGR)
Ph.D. in Economics
UK

Dr. Mehdi Taghian

Senior Lecturer
Faculty of Business and Law
BL Deakin Business School
Melbourne Burwood Campus
Australia

Dr. Carl Freedman

B.A., M.A., Ph.D. in English, Yale University
Professor of English, Louisiana State University, US

Dr. Agni Aliu

Ph.D. in Public Administration,
South East European University, Tetovo, RM
Asociater profesor South East European University,
Tetovo, Macedonia

Dr. Tsutomu Harada

Professor of Industrial Economics
Ph.D., Stanford University, Doctor of Business Administration, Kobe University

Dr. Wing-Keung Won

Ph.D., University of Wisconsin-Madison,
Department of Finance and
Big Data Research Center
Asia University,
Taiwan

Dr. Xiaohong He

Professor of International Business
University of Quinnipiac
BS, Jilin Institute of Technology; MA, MS, Ph.D.,.
(University of Texas-Dallas)

Dr. Carlos García Pont

Associate Professor of Marketing
IESE Business School, University of Navarra
Doctor of Philosophy (Management),
Massachussetts Institute of Technology (MIT)
Master in Business Administration, IESE, University of Navarra
Degree in Industrial Engineering,
Universitat Politècnica de Catalunya
Web: iese.edu/aplicaciones/faculty/facultyDetail.asp

Dr. Söhnke M. Bartram

Department of Accounting and Finance
Lancaster University Management School
Ph.D. (WHU Koblenz)
MBA/BBA (University of Saarbrücken)
Web: lancs.ac.uk/staff/bartras1/

Dr. Bassey Benjamin Esu

B.Sc. Marketing; MBA Marketing; Ph.D Marketing
Lecturer, Department of Marketing, University of Calabar
Tourism Consultant, Cross River State Tourism Development Department
Co-ordinator, Sustainable Tourism Initiative, Calabar, Nigeria

Dr. Dodi Irawanto

Ph.D., M.Com, B.Econ Hons.
Department of Management
Faculty of Economics and Business
Brawijaya University
Malang, Indonesia

Dr. Ivona Vrdoljak Raguz

University of Dubrovnik,
Head, Department of Economics and Business Economics,
Croatia

Dr. Yongbing Jiao

Ph.D. of Marketing
School of Economics & Management
Ningbo University of Technology
Zhejiang Province, P. R. China

Dr. Charles A. Rarick

Ph.D.
Professor of International Business
College of Business
Purdue University Northwest
Hammond, Indiana US

Yue-Jun Zhang

Business School,
Center for Resource and Environmental Management
Hunan University, China

Dr. Albrecht Classen

M.A. (Staatsexamen), Ph.D. University of Virginia, German
Director, Summer Abroad Program, Medieval Europe Travel Course

Dr. Brandon S. Shaw

B.A., M.S., Ph.D., Biokinetics, University of Johannesburg, South Africa
Professor Department of Sport and Movement Studies
University of Johannesburg, South Africa

Contents of the Issue

i. Copyright Notice
ii. Editorial Board Members
iii. Chief Author and Dean
iv. Contents of the Issue

1. Social Expenditures, Economic Growth and Poverty in Morocco: An Analysis in Computable General Equilibrium. *1-8*
2. The Corporate Restructuring of IDCOL: The Need of the Hour. *9-11*
3. Digital Economy and Communication Technologies: Methods and Mechanisms of Promotion through E-Commerce and E-Marketing. *13-29*
4. Topical Review of Hidden Hunger and Poverty Profile in Nigeria: Case Study of Kwara State (Province) and Suggested Agricultural and Economic Solutions. *31-35*
5. Impact of Psychological Biases on the Performance of UCITS before and after the Tunisian Revolution. *37-46*
6. Determinants of Loan Repayment of Micro and Small Enterprises in Jimma Town, Ethiopia. *47-66*

v. Fellows
vi. Auxiliary Memberships
vii. Preferred Author Guidelines
viii. Index

Global Journal of Management and Business Research: B
Economics and Commerce
Volume 18 Issue 4 Version 1.0 Year 2018
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

Social Expenditures, Economic Growth and Poverty in Morocco: An Analysis in Computable General Equilibrium

By Nezha Bousselhami & Moustapha Hamzaoui
Abdelmalek Essaadi University

Abstract- This work sets the objective of analyzing the impact that social expenditures (Education and health) can have on economic growth and poverty in Morocco. This analysis is conducted through a computable general equilibrium model where the macro-micro link is established. The splitting of the household agent into a quintile makes the model a powerful instrument for analyzing the effects of these policies on the behavior of the different classes of households.

Keywords: *CGE model, public expenditures, education spending, health spending, economic growth, poverty.*

GJMBR-B Classification: *JEL Code: D85, H50, H51, H52, O47, I32*



Strictly as per the compliance and regulations of:

© 2018. Nezha Bousselhami & Moustapha Hamzaoui. This is a research/review paper, distributed under the terms of the Creative Commons Attribution-Noncommercial 3.0 Unported License http://creativecommons.org/licenses/by-nc/3.0/), permitting all non-commercial use, distribution, and reproduction in any medium, provided the original work is properly cited.

Social Expenditures, Economic Growth and Poverty in Morocco: An Analysis in Computable General Equilibrium

Nezha Bousselhami [α] & Moustapha Hamzaoui [σ]

Abstract- **This work sets the objective of analyzing the impact that social expenditures (Education and health) can have on economic growth and poverty in Morocco. This analysis is conducted through a computable general equilibrium model where the macro-micro link is established. The splitting of the household agent into a quintile makes the model a powerful instrument for analyzing the effects of these policies on the behavior of the different classes of households.**

Keywords: CGE model, public expenditures, education spending, health spending, economic growth, poverty.

I. Introduction

Fiscal policy is a means available to the government to regulate the economy and conduct actions on economic cycles to achieve its economic and social objectives.

Sustained growth and sustainable improvement of the living conditions of the population are among the objectives of every state. Public finance managers have to find the best possible combination, between the various means of fiscal space, namely the levies, internal and external borrowing, donations for the poorest countries and income seigniorage.

The reduction of poverty begins with sustained economic growth, which itself results from the combination of several factors.

The supply of public goods and services (education, health, road, transport and tele-communication infrastructure) can play a particularly important role in preventing the poor from continuing to become poorer (Stiglitz. J, 2012). It is also a fundamental factor in accelerating growth (Brun. J. F et al., 2007). The logic that proves it is impressive: If the state increases its expenditures, the GDP increases by a multiple of this sum (the mechanism of the Keynesian multiplier), even if this mechanism has been much disputed.

Of course, public spending can has more effects if we spent it on high-productivity investments, such as those that facilitate the restructuring of the economy. Beyond their high direct returns, these investments have other benefits. The private investment returns increase and the deficit is reduced in the medium term, which should inspire confidence, and it is even possible that consumers, understanding that the future tax burden will be lower than expected, increase their consumption. Even private one is "invited" (Stiglitz. J, 2012).

Therefore, the quantitative analysis of the impacts is crucial to guide decision-making and optimize actions regarding state intervention. Indeed, any state interventionism should be analyzed and appreciated at its fair value compared to the costs incurred regarding income redistribution and wealth.

However, the quantitative analysis of redistribution issues requires the availability of appropriate tools and summary tables of national accounts, which can provide information on the effects of policies implemented in both macroeconomic and microeconomic terms.

The advances made regarding general equilibrium models, offer an analytical platform that responds to this type of problem. They make it possible to understand the interdependence and feedback effects of the behavior of economic agents in a context of general equilibrium, taking into account the structure of the economy as a whole and the interrelationships between different economic agents.

In this context, and based on a computable general equilibrium model developed by Decaluwé, Martens and Savard (2001), a new model, taking into account the specificity of our subject has been constituted. The link micro-macro is established through the reconciliation of microeconomic information from household surveys and macroeconomic data provided by national accounts summary tables. Its accounting framework is the social accounting matrix that summarizes Moroccan economic activity in 2007 and the 2007 National survey on living standards and household consumption.

This model enables to quantify the effects of social public expenditure policies. Thus, these effects can be apprehended at the macro level on economic growth, inflation, macroeconomic balances, the internal and external competitiveness of the national economy as well as the income and savings of economic agents. At the micro level, a set of indicators of living standards

Author α: Abdelmalek Essaadi University, Faculty of Legal, Economic and Social Sciences-Tanger-Morocco and Tax Inspector.
e-mail: nezhabousselhami@yahoo.fr
Author σ: Professor of Economic Sciences. Abdelmalek Essaadi University, Faculty of Legal, Economic and Social Sciences-Tanger-Morocco. e-mail: moustaphahamzaoui@gmail.com

© 2018 Global Journals

are apprehended, including the structure of consumption expenditure by household classes, the redistribution of incomes and the level of poverty.

The splitting of the household agent into quintiles (from the poorer Q1 to the richer Q5) makes it a powerful instrument to establish the link between the simulated (fiscal and social) policies and their impacts on the living standards of the different types of households.

Four shocks were simulated, and the results differed whether it was a single shock or a multiple shocks.

The article will be organized as follows: A first section is devoted to the theoretical part explaining the links between public spending, economic growth, and poverty. The second section will deal with the CEGM-Computable Economic General Equilibrium Model-(MEGC), the simulations and the analysis of the results obtained.

II. A Theoretical Framework for Public Expenditures, Economic Growth, and Poverty

Traditionally, fiscal policy debates as a macroeconomic policy instrument have focused on defining the desired level of government balance. From a Keynesian perspective (Mills. P and Quinet. A, 1992), balances can contribute to the smoothing of cyclical fluctuations: thus, in a downturn, an increase in public spending stimulates private expenditure; the net effect on the economy is activity depending on the foreclosure of the propensity to import and the possible rise in the real interest rate. Such a representation of the functioning of the economy, however, is based on simplifying assumptions: first, it assumes that the horizon of private agents is sufficiently limited, because of liquidity constraints or phenomena of tax illusion, for the consumption reacts significantly to fluctuations in current income. It also supposes that the formation of agents' expectations gives way to a monetary illusion. Contesting these two hypotheses, monetarists (Mills. P and Quinet. A, 1992) questioned the cyclical efficiency of fiscal policy. According to them, consumption, which is a function of permanent income, is not very sensitive in the medium term to variations of public expenditure. Moreover, in the absence of a lasting monetary illusion, expansive fiscal policy is not able to lower the unemployment rate below its "natural" level permanently.

The monetarist proposals have contributed to reconsider the cyclical approach of the public finances: without necessarily calling into question the very effectiveness of the budgetary policy, economists agree today on the harmful effects of systematic use of these public finances for cyclical regulation. Reasoning in the context of the state's intertemporal budget constraint, Barro (1974; Mills. P and Quinet. A, 1992) went further by challenging any economic efficiency in fiscal policy: reformulating the Ricardian hypothesis of equivalence between debt and tax. He estimates that any change in the public balance is offset by a similar variation in private savings. If the validity conditions of this proposal are rarely met (a perfect forecasts, an absence of liquidity constraints, a flat-rate taxes) (Boskin, 1987; Mills. P and Quinet. A, 1992), it has nonetheless contributed to a renewed focus on the medium-term effects of fiscal policy. Increased attention has been paid to the impact of tax rates, the volume and the composition of public spending on private behavior. A lot of authors putted the evidence of the distortions in labor supply and savings caused by high marginal tax rates. Regarding this public spending, Barro (1981; Mills. P and Quinet. A, 1992) emphasizes the differentiated impact of a temporary or permanent change in the level of public expenditure on activity. If private agents reason, in the long term, by forming rational expectations, causing a permanent change, leading to future increases of taxes, which will depress the income: the increase in public spending is then fully offset by the decline in private consumption. However, a temporary change- since it does not imply a future tax increase- has a stimulating effect on activity less than the Keynesian multiplier to the extent that public expenditure partially replaces private spending.

Aschauer (1989) for his part argues that the increase in public investment expenditure would have, by boosting the profitability of private capital, an impact on production higher than an equivalent change in public consumption. At the same time, he finds a favorable effect of the capital stock on the overall productivity of factors of production. His latest work has broadened the scope for thinking about the medium-term impact of public finances. In particular, they encourage a more in-depth assessment of this effect on the utility function of consumers and the production function of entrepreneurs.

Thus, the impact of investment expenditure and public capital stock on productivity and return on capital is potentially significant for fiscal policy. It means that the government has, alongside with the budget balance and tax burden rates, another macroeconomic instrument to boost private sector productivity. This issue is of particular importance to any economy. A positive contribution of public finances to the improvement of the productive supply can consist of an increase in savings and a corresponding reduction of the pressure of the State on private savings flows. The control of the balance must, therefore, be a priority objective. Given the high level of mandatory levy and the number of distortions that can be generated by taxation, the satisfaction of a pay-as-you-go objective is above all a matter of controlling expenditure.

In addition to its role as an instrument of macroeconomic policy, public spending can also

© 2018 Global Journals

influence the distribution of income in the short term (through subsidies and transfers) and the long one (through health services and education). Transfers to households (food subsidies or unemployment allowances) directly affect the income and consumption of the beneficiaries, while supports and transfers to businesses have a more indirect impact on their income and consumption. Education and health services improve the productive capacity of advantageous (IMF, 1996). These well-targeted expenditures are a powerful instrument for boosting economic activity and reducing, either directly or indirectly, the levels of poverty (Touhami. A, 2005).

Lasting improvement in the living conditions of the population undoubtedly depends on greater access to education and health services (Djindil. N et al., 2005). It is especially true for the poor as their important asset is generally human capital. Any reform aimed at promoting the accumulation of this capital is likely to reach the poor. For sustainable development, more focus must, therefore, be placed on access to these services. And because of market failures, state intervention is seen as the most effective way to ensure fairness and efficiency in the provision of these services.

Hence the need to simulate, through our computable general equilibrium model, the impact of a change in public spending, especially of a social nature, on the macro and microeconomic aggregates of the country.

III. Computable General Equilibrium Analysis in Morocco

a) Interest of the CGEM (Computable General Equilibrium Model)

The theoretical framework of computable general equilibrium models is offered by the competitive general equilibrium model. Its original structure was developed during the second half of the nineteenth century by the neoclassical or marginalist economists (Decaluwé. B et al, 2001). In particular, the German Gossen (1854), the Englishman Jevons (1871), the Austrian Menger (1871) and the Frenchman Walras (1874-1877). However, it is widely accepted that it is the latter who contributed the most to the conceptualization of the model, hence its alternative name of general Walras system. In the twentieth century, more modern formulations, because they made use of an advanced mathematical language, came into being with the works, mainly, of Arrow and Debreu (1954) and McKenzie (1954-1981).

These models, based on the Walrasian theory, are concerned, in this theoretical framework, with the determination and estimation of the consequences of possible economic policies. These are models in which prices and quantities are determined by optimizing the agent's behaviors. Price flexibility will guarantee the adjustments and will lead to balance.

They include different types of households, with different budgetary constraints, in which welfare plays a fundamental role since the effect of economic policies on the redistribution of income are quantified while judging efficiency.

The methodological approach adapted to these objectives requires modeling that simulates a structural shock and captures the effects on all components of the economy. It is the reason why it opted for computable general equilibrium modeling.

In this work, our modeling is based on the simulation of shocks related to social (expenditure) policies.

In this respect, the Social Accounting Matrix (SAM), serving as a database of our CGEM, is the one developed by the National Accounting Department in 2007. The population was split into five quintiles (from the poorer 20% to the richer 20%). The base of this classification is the data from the Household Living Standards Survey conducted by the HCP in 2007, which distinguishes in household income between the remuneration of factors of production, in particular labor and capital, and transfers they receive from other economic agents, including the government. Labor and capital incomes are mainly attributed to households and businesses. In this perspective, the labor factor is disaggregated into three categories according to the level of education and the degree held by the individuals in the household. Three levels of qualification of the workforce are distinguished according to whether it is low, medium or highly qualified. Government revenue comes from direct and indirect taxes.

b) Closing the Model

The model is a system with simultaneous equations. In order to have a single solution, the number of these equations must equal the number of variables. For this purpose, some variables will be kept fixed about the type of macroeconomic closure chosen for the model, which is likely to make the system of equations determined.

However, the choice of macroeconomic closures goes beyond the simple lifting of the under-determination of the equations system and is an in-depth reflection on the theoretical transfer mechanisms of the simulated chocks effects and on the factors that generate them.

Closing a model, therefore, comes down to identifying the arguments in favor of a particular functioning of the economy that can reflect as accurately as possible its realities and characteristics and to better understand the impact of simulated policies, as reported by the results of simulations performed by the model.

In response to the shocks to be simulated, the various variables of the model react according to schemes strongly conditioned by the nature of the macroeconomic closure chosen.

© 2018 Global Journals

This loopback modification, depending on the objective pursued, gives the computable general equilibrium models great flexibility and enriches them in comparison with other types of models, thanks to the possibility of simulating the effects of a variety of measurements and to nuance them according to the privileged mode of the behavior of the variables.

Nevertheless, it is not always easy to pinpoint all the implications of one loopback over another as the expected impact is often influenced by other elements such as structural effects or microeconomic specifications of the model.

Given the structure of the Moroccan economy, especially the government behavior, and the static nature of the model, a closure consisting in considering that state expenditures are exogenous and that the investment adjusts to savings has been retained. The base of this closure is the Walras law, which states that prices are flexible and the investment is residual and automatically equates to saving. This type of closure appears to be appropriate for the study of economic policies that lead, mainly, to a reallocation of resources between activities. These resources are assumed to be fully employed at the level of the economy as a whole.

The capital stock is assumed to be specific to each of the sectors, which means that the return on the investment is not captured during the current period and the results deduced to have a short-term interpretation in this context of static CGEM s. This same hypothesis implies that there are as many capital factor remunerations as there are branches of activity in the model.

Still based on the static criterion of the model, the total supply of the labor factor of the different skills is assumed to be exogenous as well. The labor market is in full employment. Only the reallocation of this offer between the branches of activity is possible.

According to the "small country" hypothesis, world prices for imported and exported goods are also assumed to be exogenous to the model, since the small open economy cannot influence these international prices.

Similarly, the current account balance is considered exogenous and, it is the real exchange rate that adjusts to rebalance the balance of payments. As a result, RM saving (= - CAB) is also fixed.

And to keep the equilibrium of the model, it was necessary to fix another variable. To do this, we proposed to consider the change in stock as exogenous, because it is not an economic policy variable.

c) Proposed Simulations

Despite the standard structure of the constructed model, it can be used to simulate the impacts of several interesting economic policies (public expenditures in our case) on economic growth and poverty.

With this in mind, we first start with total expenditures, then education expenditures, and health expenditures. Finally, we will try to evaluate the changes observed by combining the two last policies (education and health).

The evolution of public expenditure (table-1), in Morocco, shows that their average growth rate over the period 2000-2015 is 6.6%, their share in GDP rose from 22.1% in 2000 to 28.4% in 2015 (6.3 points more). Hence, there is a need for effective control of expenditure. A better allocation of spending can contribute to growth, as the theory of endogenous growth teaches. When spending is both reduced and redeveloped, growth and social indicators are not necessarily threatened (IMF, 2006).

Table 1: Evolution of public expenditure (in billions of DHS) and their share in the GDP (in %) over the period 2000-2015

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
PE	101	111	109	115	123	144	146	159	192	195	205	241	264	255	260	256
Growth PE(%)	6,7	10	-2	5,4	7,2	17	1,2	9,3	20	1,9	5	17	9,7	-3,3	2	-1,5
PE/GDP	22	23	22	21	22	25	23	25	28	27	28	31	33	30	30	28

Source: Calculated from data from the Ministry of Economy and Finance (DEPF)

Spending on education and health influences heavily the social indicators. Higher education and better health are the most effective ways to boost productivity, and thereby create added value in all economic sectors. This improvement is one of the surest ways to make growth sustainable, to ensure a better sharing of its fruits and thus to combat poverty.

Spending on education in Morocco is characterized by the predominance of operating expenditures, as shown in Table 2. The latter represents, on average, between 2000 and 2015, 93% against 7% for investment expenditures. The average share of education operating expenditures in the total Moroccan operating expenditures is 28%. As for investment expenditures, they are only 8%, on average, in total investment expenditures. In total, education spending absorbs, on average, 6% of GDP and 21% of total expenditure. This share (1/5 of 11 ministries) is important but the results are not. The education system is, therefore, ineffective because the budget is spent in

© 2018 Global Journals

an unequal way, without taking into account the population socio-economic situation and the spatial disparities. This situation makes the system a source of inequality (Khellaf. A, 2015).

Table 2: Evolution of educational expenditure (in billions of DHS and %) between 2000 and 2015

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
EE	11	25	25	29	29	38	35	37	39	44	45	42	48	51	54	55
OEE	90,6	91,9	91,7	92,7	93,8	95,2	93,4	92,9	93,1	87,8	89	98,1	96,6	94,1	94,3	94,1
IEE	9,4	8,1	8,3	7,3	6,2	4,8	6,6	7,1	6,9	12,2	11	1,9	3,4	5,9	5,7	5,9
EE / GDP	2,4	5,1	5	5,3	5,2	6,6	5,6	5,7	5,6	6,2	6,1	5,4	6	6	6,4	6,1
EE/ TE	10,6	22,3	23,1	25	23,8	26,7	24,2	23,2	20,1	22,7	22,2	17,5	18,3	19,9	21,1	21,6
OEE/OTE	29,8	30,5	31,7	33,6	33,3	32,1	31,2	30,5	25,5	27,2	29,6	18,2	23,7	24,3	26	26,7
IEE/ITE	8,6	7,6	11,1	11,9	9	9,7	10,7	10	7,3	12,3	9,4	1,8	3,5	7	6,3	6

Source: Calculated from Data from the Ministry of Economy and Finance (TGR)

Public expenditure on health is relatively low in Morocco. Table-3 shows that, on average, over the period 2000-2015, it amounts to 5% of the total State expenditure. However, 10% is the international standard set by WHO (World Health Organization) (Khellaf. A, 2015). Their average share of GDP is only 1%: 85% of these expenditures are operating expenses, and 15% are investment expenditures. The Ministry of Health's operating and investment expenditures represent, on average, 6% of total operating expenditure and 4% of total investment expenditure. All these indicators affirm that the sector is still confronted with the low level of health expenditure.

Table 3: Evolution of health expenditure (in billion DHS and %) between 2000 and 2015

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
HE	2	5	5	5	6	7	7	8	8	9	10	9	12	12	13	13
OHE	82,6	84,6	85,1	85,7	82,2	86,1	82,7	83,7	83,2	85,5	82,1	85,5	87,5	88,1	88,4	88,5
IHE	17,4	15,4	14,9	14,3	17,8	13,9	17,3	16,3	16,8	14,5	17,9	14,5	12,5	11,9	11,6	11,5
HE/ GDP	0,5	1	1	1	1,1	1,2	1,1	1,2	1,2	1,3	1,4	1,2	1,4	1,4	1,5	1,5
HE/ TE	2,3	4,3	4,4	4,6	5,1	5	4,6	4,8	4,4	4,7	4,9	4	4,4	4,7	5	5,1
OHE/OTE	5,9	5,4	5,7	5,7	6,2	5,4	5,3	5,6	5	5,5	6	3,6	5,2	5,4	5,7	6
IHE/ITE	3,5	2,8	3,8	4,3	5,5	5,3	5,3	4,7	3,9	3	3,3	3,1	3,1	3,4	3	2,8

Source: Calculated from data from the Ministry of Economy and Finance (TGR)

According to the 2007 ENVM, hygiene and health care are the fourth largest household expenditure for Moroccan households at the national level, with an annual average per person of 809.2 DHS as against 627 DHS in 2001. This expenditure is of 1055 DHS in urban areas with only 489 DHS in rural areas. It reaches 199 DHS in households of the poor class against 1993 DHS in the easier one.

With insufficient and unequal spending on education and health, our simulations require more importance. That's why we will analyze the effects of some expenditures policies on the economic growth and standard of living of the households. These measures are: 1) a decrease of 10% of the total public expenditure (SIM1), 2) an increase of 10% of the expenses of education (SIM2), 3) an increase of 10% of expenditure allocated to the health sector (SIM3) and 4) a combination of the last two measures (SIM4).

d) Discussion of the Results

Public expenditure reforms are generally aimed at reducing government expenditures. A 10% reduction did not have a positive impact on GDP growth (-1.32%) even though almost all sectors recorded an improvement in their value added, demand and intermediate consumption. The decline in prices (-0.09) strengthens the competitiveness of the Moroccan product both in the domestic and foreign markets. Exports made gains in almost all sectors. The demand for work has increased which has resulted in lower wages.

The government's shortfall regarding income and savings following this measure is 6.55% and 0.9%, respectively.

On the other hand, the results obtained, by reorganizing social expenditures such as education and health, show that even if the government lost income (-6.32% for SIM2, -6.35% for SIM3 and -6.30% for SIM4), it won savings (+ 0.17% for SIM2, + 0.05% for SIM3 and + 0.22% for SIM4). We can explain this situation by the drop in transfers from the government to other agents, which allowed it to save more.

GDP improved by 0.52% (SIM2), 0.17% (SIM3) and 0.69 (SIM4). These results lead to the conclusion that among all the measures proposed, the most favorable policy for economic growth is that relating to the development of education and health (SIM4). This

© 2018 Global Journals

additional allocation of resources for these two social sectors could be more effective than a decrease in total public expenditures.

Regarding indicators measuring the standard of living of households, it is still the SIM4 that has recorded the highest growth rates among the poor and middle classes. Household income increased (1.99% for Q1, 1.87% for Q2, 1.85% for Q3, 1.73% for Q4 and 1.86% for Q5), leading to a larger increase in consumption (1.96% for Q1, 1.79% for Q2, 1.73% for Q3, 1.62% for Q4 and 1.76% for Q5) and an improvement in savings (1.75% for Q1, 1.69% for Q2, 1.63% for Q3, 1.62% for Q4 and 1.66% for Q5). For the tree indicators (YH, CMH, S_H), we can say that this measure is in favor of poor population (Q1, Q2, Q3).

IV. Conclusion

In this work, we tried to provide some answers to the problem of the effectiveness of fiscal policies, as a means of economic growth and the fight against poverty, by improving the standard of living of poor and middle-class households in Morocco.

From a methodological point of view, our analysis was based on a micro-simulated computable general equilibrium model to capture the impact of the proposed fiscal policies on the economy as a whole. The disaggregation of the MCS of the Moroccan economy made it possible to follow the variations of the different variables measuring the standard of living for all household classes.

Simulation results have shown that fiscal policy can serve the goals of economic growth and poverty reduction by contributing to the well-being of households.

Of all the measures proposed, the most effective for both objectives (growth and poverty) is the revision to the increase in education and health spending by 10% each.

References Références Referencias

1. Amable. B, Guellec. D, 1992: « Les théories de la croissance endogène ». Revue d'économie politique, mai-juin, 102 (3).
2. Artus. P, 1993: « Croissance endogènes: revue des modèles et tentatives de synthèse ». Revue économique, 44(2), mars.
3. Artus. P, Kaabi. M, 1993: « Dépenses publiques, progrès technique et croissance ». Revue économique, 44(2), mars.
4. Aschauer. D. A, 1989: « Is Public Expenditures Productive? », Journal of Monetary Economics, 25, 1989, P 177-200.
5. Atkinson. A. B; Stiglitz. J. E, 1980: « Lectures on public economics ». Mc Graw-hill Book Co, April 1980-619 pages.
6. Atkinson. A. B; Cazes. S, 1990: « Mesures de la pauvreté et politiques sociales: une étude comparative de la France, de la RFA et du Royaume-Uni », Observations et diagnostics économiques: Revue de l'OFCE, Vol 33, N°1, pp 105-130.
7. Barro. R, 1990: « Government Spending in a simple model of Endogenous Growth », journal of political economy, vol.98, N°5, p 103-S125, Octobre.
8. Barro. R, 1991: « Economic Growth in a cross section of countries». Quarterly Journal of Economics, 106, p 407-443, Mai.
9. Barro. R, Sala-I-Martin. X, 1992: « Public Finance in Models of Economic Growth ».Review of Economic Studies, 59.
10. Bassanini. A, Scarpetta. S, 2001: « Les moteurs de la croissance dans les pays de l'OCDE: Analyse empirique des données de panel », Revue Economique de l'OCDE, n°33/II.
11. Bastagli. F, Coady. D, Gupta. S; 2012: « Egalité des chances ». Finances & Développement, n°4, décembre 2012.
12. Boccanfuso. D, Cabral. F, Cisse. F, Diagne. A, Savard. L; 2003: « Pauvreté et distribution de revenus au Sénégal : une approche par la modélisation en équilibre général calculable micro simulé », Working paper n° 03/33. CIRPEE (centre interuniversitaire sur le risque, les politiques économiques et l'emploi).
13. Boccanfuso. D, Touhami. A, Savard. L, 2006: « Politiques économiques et pauvreté au Maroc: Analyse en équilibre général micro simulé », Working Paper, GREDI 06-07.
14. Boccanfuso. D, Missinhoun. R, Savard. L, 2010: « Réformes économiques croissance pro-pauvre: une application macro-micro au philippines », Recherches Economiques du Louvain, Vol 76 (3), n°3, 2010.
15. Bourguignon. F, 2003: « The poverty-Growth-Inequality Triangle », Article Papier présenté à la conference sur Poverty, Inequality and Growth, Agence Francaise de Développement/EU Development network, Paris, 13 Nov 2003.
16. Bourguignon. F, Pereira Da Silva. L. A, 2003: « The impact of Economic Policies on Poverty and Income Distribution: Evaluation techniques and tools ». A co publication of the World Bank and Oxford University Press.
17. Bourguignon. F, Pereira. L, Stern. N, 2004: « Evaluating the poverty impact of economic policy: some analytical challengens » Washington DC, World Bank (Mimeo).
18. Brun. J. F, Chambas. G, Combes. J. L, Dullecco. P, Gastambide. A, Guerineau. S, Guillaumont. S, Rota Graziosi. G, 2006: « Evaluation de l'espace budgétaire des pays en développement » document conceptuel rédigé à la demande du PNUD (CERDI).
19. Brun. J. F, Chambas. G, Graziosi. G. R, 2007: « La mobilisation des ressources propres locales en

© 2018 Global Journals

Afrique ». CERDI, article communiqué au Forum « Décentralisation et gouvernance locale » des Nations Unis, Vienne 27-29 juin 2007.
20. Brun. J. F, Chambas. G, Mourji. F, 2007: « Garantir l'espace budgétaire pour le développement humain au Maroc ». CERDI, Etudes et Documents, E 2007.33.
21. Cashin. P, Mauro. P, Sahay. R, 2001: « Politiques macroéconomiques et réduction de la pauvreté». Finances et développement, juin 2001.
22. Charlot. S, Schmitt. B, 1999: « Infrastructures publiques et croissance des régions françaises ». Umr Inra-Enesed.
23. Chedati. B, 2009: « Financement et coût en éducation au Maroc». Etude réalisé par le Conseil Supérieur de l'Enseignement.
24. Chumacero. R. A, Hebbel. K. S; 2005: « General Equilibrium Models: An Overview ». Central Bank of Chile and University of Chile.
25. Cling. J. P, Razafindrakoto. M, Roubaud. F, 2002: « Les nouvelles stratégies internationales de lutte contre la pauvreté ». Edition ECONOMICA/ DIAL (Développement et insertion internationale).
26. Conan. M, 2008: « Gaston Jèze et l'utilité de la dépense publique: l'élaboration d'une théorie générale des dépenses publiques », La Revue du Trésor, n°2, p 159-165, Février 2008.
27. Crafts. N, 1992: «Productivity Growth Reconsidered» Economic policy, p. 387-426.
28. Decaluwe. B, Martens. A, Savard. L, 2001: « la politique économique du développement et les modèles d'équilibre général calculable ». Presse de l'université de Montréal-AUF.
29. Decalawe. B, Lemelin. A, Maisonnave. H, Robichaud. V; 2010: « The PEP standard Computable General Equilibrium Model, single country, static version- PEP-1-1». Poverty and economic policy (PEP) research network.
30. Djindil. N. S, Ndang. T. S, Toinar. M. A, 2005: « A qui profitent les dépenses sociales au Tchad? Une analyse d'incidence à partir des données d'enquête », PEP et CERDI,
31. Epaulard. A, 2003: « Croissance et réduction de la pauvreté dans les pays en développement et les pays en transition ». Reflets et perspectives de la vie économique. Tome XLII- 2003/2.
32. Fofana. I, 2007: « Elaborer une matrice de comptabilité sociale pour l'analyse d'impacts des chocs et politiques macroéconomiques », CIRPEE-réseau de recherche sur les politiques économiques de réduction de la pauvreté (PEP), université Laval, Québec, Canada.
33. Fond Monetaire International, 1996: « Ajustement budgétaire: principes directeurs », Département des Finances Publiques, n°49-F.
34. Fond Monetaire International, 2006/ Daniel. J, Davis. J, Fouad. M, Van Rijckeghem. C: « l'ajustement budgétaire comme instrument de stabilité et de croissance ».n°55-F.
35. Gonzalez. J. I, 1998: « l'impact redistributif des finances publiques en Colombie ». Tiers-Monde, tome 39 N°156. Pp 753-770.
36. Griffoni. Ch. L, 2005: « Croissance économique et pauvreté: une application de l'indice de croissance pro-pauvre au cas du Maroc entre 1985 et 1999 ». Centre d'Economie et des Finances Internationales (CEFI)- Université de la Méditerranée (Aix-Marseille II).
37. Henin. P. Y, Ralle. P, 1993: « Les nouvelles théories de la croissance: quelques apports pour la politique économique », Revue Economique, p 75-100.
38. Horusitzky. P, 2013: « L'Etat et les politiques publiques-Enjeux, acteurs et dispositifs-2d éd. Catégorie A et B. Dunod, 4 septembre 2013.
39. Jacquet. P, Charnoz. O, 2003: « Infrastructures, croissance et réduction de la pauvreté », Agence Française de Développement (AFD-Paris), Article pour le Forum franco-vietnamien (6-13 septembre 2003).
40. Jeze. G, 1936: « Cours de Finances Publiques 1935-1936 » Université de Pris, Faculté de droit, Ed. Librairie générale de droit et de jurisprudence.
41. Khellaf. A, Belhachmi. E, Karim. M; 2011: « Assessing Development Strategies to Achieve the MDGs in the Kingdom of Morocco ». United Nations Department for Social and Economic Affairs.
42. Khellaf. A, 2015: « Impact de la politique budgétaire sur la pauvreté et les inégalités au Maroc », Publication de l'OCP Policy Center et du Laboratoire d'Economie Appliquée de faculté de droit de Rabat-Agdal, Journée du 19 mai 2015.
43. Malinvaud. E, 1993: « Regard d'un ancien sur les nouvelles théories de la croissance », Revue Economique, 44(2), mars, p 171-188.
44. Mills. P, Quinet. A; 1992: « Dépenses publiques et croissance ». Revue française d'économie. Volume 7 N°3, pp 29-60.
45. Morrisson. C, 1991: « Ajustement et dépenses sociales au Maroc », Tiers-Monde, tome 32, N°126, pp 253-269.
46. Nubukpo. K. K, 2003: « Dépenses publiques et croissance des économies de l'UEMOA », CIRAD, Décembre 2003.
47. Obad. J, Jamal. Y, 2016: « L'impact des dépenses publiques sur la croissance économique au Maroc: Application de l'approche ARDL », International Journal of Innovation and Applied Studies, vol 16, N°2, juin 2016, pp 444-455.
48. Ocde, 2000: « Liens entre la Politique Economique et la Croissance: Constatations au Niveau International », Perspectives Economiques de l'OCDE 68, p 155-178.
49. Phaneuf. L, Wasmaer. E, 2005: « L'impact des dépenses publiques et des prélèvements fiscaux

© 2018 Global Journals

sur l'activité économique au Québec et au Canada » (CIRANO).
50. Rebelo. S, 1991: « Long Run Policy Analysis and Long Run Growth », Journal of Political Economy, 99, p 500-521.
51. Romer. P, 1986: « Increasing Returns and Long Run Growth», The Journal of Political Economy, Vol 94, num 5, p 1002-1037, October 1986.
52. Solow. R, 1992: « Policies for Economic Growth», De Economist, 140, p-15.
53. Stiglitz. J, 2012: « Le prix de l'inégalité ». Edition Norton New York, les liens qui libèrent pour la traduction française, sep 2012.
54. Touhami. A, 2005: « La pauvreté au Maroc ». Etude le l'HCP.
55. Vukovich. V, 2012: « Politique budgétaire: Harvard contredit le FMI et la FED » Institut Turgot, lecture d'une étude publiée par l'université de Harvard réalisée par ALESINA.A, FAVERO.C et GLAVAZZI.F. WANG.Y-C, 2014: « Evidence of public capital spillovers and endogenous in Taiwan », Economic Modeling, n° 39, p 314-321, Mars 2014.

Annex

	Variables		Base	Expenditures Shoks			
				PE	EDUC	HEALTH	ED & HT
				SIM1	SIM2	SIM3	SIM4
				(Var %)	(Var %)	(Var %)	(Var %)
Growth (Macro)	GDP		647530	-1,32	0,52	0,17	0,69
	GFCF		208216	3,28	4,45	4,23	4,56
	IT		215830	3,13	4,28	4,06	4,39
	CPI		1	-0,09	0,09	0,03	0,12
	Wage rate	l1	1	-0,27	0,21	0,07	0,28
		l2	1	-4,57	1,73	0,56	2,3
		l3	1	-5,7	2,01	0,65	2,66
	Saving	firm	80085	9,26	9,68	9,57	9,74
		gvt	40167	-0,9	0,17	0,05	0,22
		row	808	0	0	0	0
	Income	firm	233925	-0,2	0,15	0,05	0,2
		gvt	227039	-6,55	-6,32	-6,35	-6,3
		row	309321	0,54	-0,19	-0,06	-0,25
Poverty (Micro)	YH	Q1	42658	-1,58	0,83	0,35	1,99
		Q2	45975	-1,36	0,75	0,29	1,87
		Q3	64168	-1,22	0,66	0,27	1,85
		Q4	84696	-1,11	0,57	0,23	1,73
		Q5	284726	-1,41	0,67	0,29	1,86
	YDH	Q1	42018	-1,67	0,82	0,32	1,97
		Q2	44511	-1,53	0,7	0,26	1,86
		Q3	61308	-1,24	0,6	0,18	1,82
		Q4	78667	-1,08	0,52	0,15	1,72
		Q5	233533	-1,5	0,57	0,26	1,83
	CMH	Q1	33108	-1,78	0,72	0,23	1,96
		Q2	43790	-1,45	0,6	0,19	1,79
		Q3	54736	-1,33	0,55	0,18	1,73
		Q4	73040	-1,1	0,47	0,15	1,62
		Q5	149495	-1,4	0,57	0,19	1,76
	S_H	Q1	8386	-1,48	0,61	0,18	1,75
		Q2	-511	-1,25	0,52	0,12	1,69
		Q3	4487	-1,13	0,45	0,13	1,63
		Q4	1750	-1,02	0,36	0,11	1,52
		Q5	57401	-1,2	0,47	0,12	1,66

© 2018 Global Journals

Global Journal of Management and Business Research: B
Economics and Commerce
Volume 18 Issue 4 Version 1.0 Year 2018
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

The Corporate Restructuring of IDCOL: The Need of the Hour

By Santosh Kumar Panda & Anup Kumar Samantaray
Dharmasala Mahavidyalaya

IDCOL: Problems and Prospects- Before throwing light on the research work, the researcher feels it proper to provide a brief overview of Industrial Development Corporation of Odisha Limited (IDCOL). Industrial Development Corporation of Odisha Limited (IDCOL) was established by the government of Odisha in the year 1969 with a mission to promote industries in the state of Odisha, which is poor, in spite of its mineral wealth. The objective of the establishment of IDCOL was to overcome the entrepreneurial deficiency in the state by setting up medium scale industries in Odisha, with a hope that the industrial growth will contribute to economic growth of the state, which is essential for addressing the spiralling poverty of the state. The vision was clearly demonstrated by the state government which preferred to keep pace with the rapid industrialisation in the country and for that matter, in the world. With an authorised capital of Rs. 50 crores, Industrial Development Corporation of Odisha Limited (IDCOL) started functioning and subsequently, Hirakud Industrial Work, Kalinga Iron Works, Ferrochrome Plant, Hira Cement Works, Hira Cables, Re-Rolling Mill, Boiler Piping and Accessories Works, Orichem Ltd., East Coast Breweries and Distilleries Ltd., ABC Spinning Odisha Ltd., Konark Jute Limited, NICCO Industries Ltd., SN Corporation Ltd. And other subsidiary units were established, which produced fabrication of transmission line towers, pig iron and cast iron, high carbon and low carbon ferrochrome, Portland cement, AAC and ACSR conductors, M.S. rods, fabrication of piping bend, Sod. Sulphate, beer, fine cotton and synthetic yarn, heavy cess cement bags, PVC cables, high tensile fasteners and other products respectively. Though Industrial Development Corporation of Odisha Limited (IDCOL) did good business and expanded its market in the initial stage, it suffered a decline after some years.

GJMBR-B Classification: *JEL Code: A19*



Strictly as per the compliance and regulations of:

© 2018. Santosh Kumar Panda & Anup Kumar Samantaray. This is a research/review paper, distributed under the terms of the Creative Commons Attribution-Noncommercial 3.0 Unported License http://creativecommons.org/licenses/by-nc/3.0/), permitting all non-commercial use, distribution, and reproduction in any medium, provided the original work is properly cited.

The Corporate Restructuring of IDCOL: The Need of the Hour

Santosh Kumar Panda [α] & Anup Kumar Samantaray [σ]

I. IDCOL: Problems and Prospects

Before throwing light on the research work, the researcher feels it proper to provide a brief overview of Industrial Development Corporation of Odisha Limited (IDCOL). Industrial Development Corporation of Odisha Limited (IDCOL) was established by the government of Odisha in the year 1969 with a mission to promote industries in the state of Odisha, which is poor, in spite of its mineral wealth. The objective of the establishment of IDCOL was to overcome the entrepreneurial deficiency in the state by setting up medium scale industries in Odisha, with a hope that the industrial growth will contribute to economic growth of the state, which is essential for addressing the spiralling poverty of the state. The vision was clearly demonstrated by the state government which preferred to keep pace with the rapid industrialisation in the country and for that matter, in the world. With an authorised capital of Rs. 50 crores, Industrial Development Corporation of Odisha Limited (IDCOL) started functioning and subsequently, Hirakud Industrial Work, Kalinga Iron Works, Ferrochrome Plant, Hira Cement Works, Hira Cables, Re-Rolling Mill, Boiler Piping and Accessories Works, Orichem Ltd., East Coast Breweries and Distilleries Ltd., ABC Spinning Odisha Ltd., Konark Jute Limited, NICCO Industries Ltd., SN Corporation Ltd. And other subsidiary units were established, which produced fabrication of transmission line towers, pig iron and cast iron, high carbon and low carbon ferrochrome, Portland cement, AAC and ACSR conductors, M.S. rods, fabrication of piping bend, Sod. Sulphate, beer, fine cotton and synthetic yarn, heavy cess cement bags, PVC cables, high tensile fasteners and other products respectively. Though Industrial Development Corporation of Odisha Limited (IDCOL) did good business and expanded its market in the initial stage, it suffered a decline after some years. Maladministration, red-tapism, administrative incapacity, lack of political will, degrading work culture, compromise with the quality, non-exploration of market possibility, unwillingness for technological upgradation and other factors were responsible for the sorry state of affairs of Industrial Development Corporation of Odisha Limited (IDCOL). Since no sensible and conscientious attempts were taken by the government and the people in the helm of affairs, the situation worsened very fast. It is a tragedy for the state that IDCOL Cement Ltd. (ICL), IDCOL Rolling Mill (RML) and Hirakud Industrial Works Ltd. (HIWL), the subsidiary companies have already been disinvested. Out of eight subsidiary units of IDCOL under its control, only two, Ferrochrome unit of IDCOL (IFCAL) and Kalinga Iron Work unit of IDCOL(IKIWL) are running with a slow pace and producing pig iron and high carbon ferrochrome respectively, while other six units have become non functional.

This research work has been undertaken by adopting the case study of IDCOL Ferrochrome and Alloys Limited (IFCAL) with an objective of providing suggestion for restructuring of Industrial Development Corporation of Odisha Limited (IDCOL). IDCOL Ferrochrome and Alloys Limited (IFCAL) was established in the year 1969 and it was a reputed manufacturer of ferrochrome which is used for stainless steel and special steels. The variants of ferrochrome like High Carbon Ferrochrome (HCFC), Low Carbon Ferrochrome (LCFC) and Sl chrome are being produced by IDCOL Ferrochrome and Alloys Limited (IFCAL) at present. The raw materials for IFCAL are procured from its own captive chromite mines at Talangi and supplies required grade of chrome ore to the plant for consumption. In the initial stage of its establishment, IDCOL Ferrochrome and Alloys Limited (IFCAL) was doing excellent business because of its quality products. Its products were exported to the countries like Japan, Italy, Romania, USA, Korea, Australia, Philippines and Nether land etc.

During the high peak period of IFCAL Plant, the production of High Carbon Ferrochrome (HCFC), Silico Chrome (SC) and Low Carbon Ferrochrome (LCFC) was 3780.5, 2782 and 2959.25 in M.T. respectively on average. The annual net turnover of the plant is approximately 300 million. IFCAL achieved the production to the tune of 5936 M.T. in the year 2007-08.

Inventory resulting in a lower demand and reduced Ferrochrome globally production fell by 27.95% by 2009. Ferrochrome production in India has been stabilised at around 10000 MT per year since 2010, out of which about 50% is domestic consumption and the rest is being exported. India's output was expected to increase by 10% in 2015. The expectation was due to improved domestic market condition and expanding

Author α: Lecturer in Commerce, Dharmasala Mahavidyalaya, Jajpur, Odisha, India. e-mail: psantosh1969@gmail.com
Author σ: Professor, Dean, IBCS, S.O.A, Deemed to be University, Bhubaneswar.

© 2018 Global Journals

global market. At present, TATA steel plant and ESSAR steel Ltd. have been producing quality ferrochrome by exploration of market possibilities. These plants have also been technologically updated. They have a solid administrative structure, research and analysis wing and market expansion mechanism. On the other hand IDCOL Ferrochrome and Alloys Limited (IFCAL) which had once the global reputation for this product has degenerated itself like anything. Its production has decreased, market has been contracted, employability has dwindled and technology adoption has not been up to the market. In the policy making and regulatory mechanism, it has fallen short of global standard and the industrial unit known for its excellence and quality is on the verge of extinction.

The researcher convinced himself to undertake this project with an objective of providing suggestions for revival and rejuvenation of IDCOL Ferrochrome and Alloys Limited (IFCAL). On-spot visit, interaction with the stakeholders, study of literature, internet browsing and comparative analysis made the researcher assured that unless some viable and innovative measures are initiated by IDCOL Ferrochrome and Alloys Limited (IFCAL), the possibility of its existence is remote. Since IDCOL Ferrochrome and Alloys Limited (IFCAL) is a subsidiary unit of IDCOL, the structural change and reforms must be adopted by Industrial Development Corporation of Odisha Limited (IDCOL), to give a new lease of life to IFCAL. Hence, the case study of IDCOL Ferrochrome and Alloys Limited (IFCAL) is oriented towards restructuring of IDCOL, which will not only help rejuvenation of IFCAL but also other subsidiary units of Industrial Development Corporation of Odisha Limited (IDCOL).

For rejuvenation of Industrial Development Corporation of Odisha Limited (IDCOL), restoration of its past glory and for making it globally competitive, the researcher, after thorough study and analysis, has reached the conclusion that corporate restructuring of Industrial Development Corporation of Odisha Limited (IDCOL) is the only alternative.

II. The Rationale of Restructuring of IDCOL

The reason for degradation and decline of Industrial Development Corporation of Odisha Limited (IDCOL) are many and these have been discussed in detail in the thesis. With the present structure of functioning, the hope of its revival and rising up to the mark is flickering. Hence, the researcher has pondered over the critical aspects of corporate restructuring and has discussed how these can be implemented in case of Industrial Development Corporation of Odisha Limited (IDCOL). It goes without mention that Industrial Development Corporation of Odisha Limited (IDCOL) has not been functioning as was expected at the time of its inception. The survey by the researcher establishes the fact that if Industrial Development Corporation of Odisha Limited (IDCOL) is not restructured, the objective can never be fulfilled. The interaction of the researcher with different stakeholders convinces him that, with the present structure of functioning, the future of Industrial Development Corporation of Odisha Limited (IDCOL) is gloomy. The critical aspects of restructuring; revival and rejuvenation have not been given wise thought by the people who matter in the administration of Industrial Development Corporation of Odisha Limited (IDCOL). The on-spot visit, interaction, literature review, study of materials and tools of research by this scholar have validated the fact that some concrete attempts need to be undertaken to make Industrial Development Corporation of Odisha Limited (IDCOL) an agent competent enough to prove its credential in the globally competitive industrial market. It has to be immune from the traditional, monolithic and obsolete functioning. It must be worthy of market and profit. For this, the viable aspects of restructuring must be considered.

Across the globe, industries and companies are undergoing dramatic changes. Even the socialistic countries like China have risen to the occasion and have adopted the policy of restructuring. One of the most pragmatic aspects of restructuring is Public Private Partnership (PPP). The Union Government has framed the PPP Policy in order to revitalise the public sectors. It goes without mention that excessive political interference, widening gap between administrators and workers, lack of work culture, inadaptability of technology and etc. have crippled the Public Sector Undertakings (PSUs) in this country. The Union Government has adopted the PPP Policy, keeping in mind giving new dividend and dimension to PSUs. Odisha Government has also framed PPP Policy in 2007, falling in line with the central government. The objective behind the policy is mainly to bring in structural reforms in the industrial sectors and utilisation of human resource, particularly the youth force. The statistics tells us after adoption of PPP policy, there has been marked change in the industrialisation of Odisha which has ultimately boosted the state economy. The growth of GDP in Odisha over the national average bears the testimony to it.

III. Conclusion

It is high time Industrial Development Corporation of Odisha Limited (IDCOL) should go for restructuring through PPP mode. There seems to be no hope if it goes on being sustained by the government. Since all the attempts by the government have failed miserably, the researcher is pretty convinced that through PPP policy, Industrial Development Corporation of Odisha Limited (IDCOL) can be given a new lease. The researcher has also contemplated on different

© 2018 Global Journals

aspects of restructuring, but the conclusion is that merger is the last option for Industrial Development Corporation of Odisha Limited (IDCOL). All over the world and also in India, merger/amalgamation has been successful for revitalising industry and for energising the market. The critical aspects of disinvestment, accounting policy, market possibilities with regard to merger have been discussed by the scholar and finally it is surmised that the possibility of merger of Industrial Development Corporation of Odisha Limited (IDCOL) with TATA will be a very pragmatic approach.

© 2018 Global Journals

This page is intentionally left blank

© 2018 Global Journals

Global Journal of Management and Business Research: B
Economics and Commerce
Volume 18 Issue 4 Version 1.0 Year 2018
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

Digital Economy and Communication Technologies: Methods and Mechanisms of Promotion through E-Commerce and E-Marketing

By M. Foued Sabbagh
Université De Sousse

Abstract- This paper focuses on the methods and the mechanisms of e-commerce and e-marketing, and the important role of international electronic companies in this vital and digital field. The spreaders of the digital economy and the techniques of information and communication technology are deployed with applications of e-commerce and e-marketing. Thus, the digital globalization opens the horizon of technological development and accelerates the growth of the use of modern techniques through the innovation of the digital economy in our daily lives. In addition, the modernization of companies in the field of electronic marketing and electronic commerce has a direct impact on the strategic relationship between internet users, information, technology and business. In this sense, my theoretical study determines methods and mechanisms of promotion through electronic commerce and electronic marketing during the revolution of the digital economy and the technologies of modern and social communication.

Keywords: the digital economy; the communication technologies; electronic marketing; electronic commerce; methods and mechanisms.

GJMBR-B Classification: JEL Code: L81



Strictly as per the compliance and regulations of:

© 2018. M. Foued Sabbagh. This is a research/review paper, distributed under the terms of the Creative Commons Attribution-Noncommercial 3.0 Unported License http://creativecommons.org/licenses/by-nc/3.0/), permitting all non-commercial use, distribution, and reproduction in any medium, provided the original work is properly cited.

Digital Economy and Communication Technologies: Methods and Mechanisms of Promotion through E-Commerce and E-Marketing

Économie Numérique Et Technologies De La Communication: Les Méthodes Et Les Mécanismes De Promotion Par Le Commerce Et Le Marketing Électronique

M. Foued Sabbagh

Abstrait- Cet article met l'accent sur les méthodes et les mécanismes de l'e-commerce et l'e-marketing, les fondements et le rôle important des sociétés électronique internationales dans ce domaine vital et numérique. La propagation de l'économie numérique et des techniques de l'information et de la communication technologique est déployée avec des applications de commerce et marketing électronique. Ainsi, la globalisation numérique ouvre l'horizon de développement technologique et accélère la croissance de l'utilisation des techniques modernes à travers de l'innovation de l'économie numérique dans nos vie quotidienne. En outre, la modernisation des sociétés dans le domaine de marketing et commerce électronique a un impact direct sur la relation stratégique entre les utilisateurs de l'internet, l'information, la technologie et les affaires. Dans ce sens, mon étude théorique détermine les méthodes et les mécanismes de promotion par le commerce et le marketing électronique au cours de la révolution de l'économie numérique et les technologies de la communication moderne et sociale.

Mots Clés: l'économie numérique ; les technologies de la communication ; marketing électronique ; commerce électronique ; méthodes et mécanismes.

Abstract- This paper focuses on the methods and the mechanisms of e-commerce and e-marketing, and the important role of international electronic companies in this vital and digital field. The spreaders of the digital economy and the techniques of information and communication technology are deployed with applications of e-commerce and e-marketing. Thus, the digital globalization opens the horizon of technological development and accelerates the growth of the use of modern techniques through the innovation of the digital economy in our daily lives. In addition, the modernization of companies in the field of electronic marketing and electronic commerce has a direct impact on the strategic relationship between internet users, information, technology and business. In this sense, my theoretical study determines methods and mechanisms of promotion through electronic commerce and electronic marketing during the revolution of the digital economy and the technologies of modern and social communication.

Author: Titulaire D'un Master Recherche En Sciences Économiques Spécialité Finance et Développement En 2010 De La Faculté De Droit Et Des Sciences Économiques et Politiques de Sousse – Université De Sousse Et Chercheur Économique International.
e-mail: fouedsabbagh_2010@yahoo.fr

Keywords: the digital economy; the communication technologies; electronic marketing; electronic commerce; methods and mechanisms.

I. Introduction

Le terme d'économie numérique ou encore d'économie de l'internet renvoie à toutes les activités économiques et sociales qu'autorisent internet et les autres technologies de l'information et de la communication (Georgiadis C. K, Stiakakis E et Ravindron A. R (2013)). Plus tard, la question des techniques de communication modernes est déployée avec des applications de commerce électronique et précisément au début des années quatre-vingt-dix du siècle dernier. La diffusion et la croissance de ce commerce parmi des milliers d'êtres humains utilisant ces moyens modernes ont contribué positivement à la hausse des profits et à l'enrichissement rapide des commerçants électroniques. Ce qui indéniable a renforcé l'importance de l'affaire par la vente en ligne en raison de l'habitude croissante de ce réseau, il met l'investissement de ces menus dans l'application des principes du marché à travers les produits et les services d'approvisionnement et leur distribution et mise à niveau. L'apparition des techniques de communication moderne est déployée avec des applications de commerce électronique et précisément au début des années quatre-vingt-dix du siècle passé. La propagation et la croissance de ce commerce entre des millions d'êtres humains utilisateurs de ces moyens modernes a été contribuée de manière positive dans la levée des bénéfices et de l'enrichissement rapide des commerçants électroniques. Ce qui indéniable a renforcé l'importance des échanges commerciaux à travers le marketing en ligne en raison de l'utilisation croissante de ce réseau, il est met l'investissement de ces moyens dans l'application des principes du marché grâce à l'offre des produits et des services et de leur distribution et de promouvoir. D'où, lancé la révolution du commerce moderne, lesquelles peuvent être de facilitation du processus de vente et d'achat pour des

© 2018 Global Journals

millions de personnes avec diligence et l'efficacité de qualité et la promotion de tous les produits du même processus de commercialisation sur le web. L'étude de Brynjolfsson E et Hitt L.M (2000) explique quand les entreprises qui utilisent la technologie de l'information pour changer leur façon de faire des affaires disent souvent que leur investissement complète les changements dans d'autres aspects de l'organisation. De plus, les innovations technologiques liées à la commercialisation d'internet ont considérablement réduit le coût de la mise en place de liens électroniques pour la chaîne d'approvisionnement. L'élaboration de techniques modernes de communication sur Internet a permis de marketing électronique du département des relations commerciales entre les consommateurs et les sociétés électroniques mondiales de façon la cour et hautement organisés. Le marketing est un moyen des sociétés rentables de vous les dividendes et bénéfices plus vivre une vie meilleure. L'Internet est devenu aujourd'hui un espace commercial important où les produits proposés à la vente et sont témoins d'une demande croissante pour l'achat de ces produits par d'innombrables et ne pas être pris en considération. Les sociétés de promouvoir leurs produits électroniquement ont augmenté les sites de vente et d'achat et de plus en plus avec nombre des clients promoteurs avec commission les marchandises de ces sociétés. Beaucoup des gens considèrent que le commerce électronique était un des sites infructueux aucune approbation, et nul n'achète ou de confiance et les considère comme les fraudes et dressées électroniques, mais bien plus que cela. Ba S, Whinston A.B et Zhong H (2002) disent que des millions de dollars changent de mains tous les jours grâce aux marchés aux enchères en ligne. Cependant, la fraude a augmenté sur ces marchés. En utilisant une approche de théorie des jeux, nous proposons une conception d'un mécanisme d'incitation économique, le tiers de confiance (TTP), pour servir les communautés d'enchères en ligne. Le commerce électronique a de nombreuses sections en fonction de la compétence de chaque entreprise électronique dont marketing commercial par la société au consommateur (C2B), les sociétés aux sociétés (B2B), les consommateurs aux consommateurs (C2C), des consommateurs aux sociétés (B2C), commerce électronique à but non lucratif (Non-business EC), le commerce électronique entre entreprises, le commerce d'une société à une société au consommateur (C2B2B), dans la section à l'intérieur de la société (intra business), de l'entreprise à ses employés (E2B), le commerce coopératif (C-commerce) et du gouvernement à ses nationaux ou à des entreprises (E-Government). On peut, la répartition des rôles de marketing électronique via le marketing mix en vigueur sur les marchés internationaux du commerce électronique par exemple recherche du marché des produits et des services, de prix, de lieu et de distribution et également de l'annonce et de promotion et de publicité. Après l'établissement du système de commerce électronique via le marketing mix procédé pour déterminer les méthodes et les mécanismes de marketing électronique des produits par Internet pour transformer ce dernier en des énormes espaces commerciaux importants contenant tous les produits des pays du monde entier. Tout d'abord, les moyens de promouvoir la division du marché et cibler les marchés, de positionnement sur le marché, la stratégie du marché et les types de marketing. Deuxièmement comprennent des mécanismes de promotion des produits à de nombreuses branches commerciales des entreprises de commerce électronique et de marché électronique et de marketing en réseau, commerce électronique partiel, des systèmes d'information entre les institutions et les marchés électroniques, des systèmes d'information entre les institutions et les modèles de revenus partagés.

Certains donnent le marketing électronique un changement radical dans le concept de commerce d'étroits du marché intérieur fermé à un grand marché extérieur ouvert à l'univers, y compris un grand mouvement de l'offre et de la demande. L'évolution du système de marketing électronique pour inclure les changements modernes dans le monde de la technologie numérique et le commerce électronique est devenu une grande préoccupation par les fonctionnaires déclare comme un facteur positif en limitant le chômage et offre des possibilités d'occuper de nombreux cadres et diplômer des universités, en particulier dans le domaine du commerce international, comme ainsi que fournit un état des recettes importantes de devises. L'essai de Zhou L, Zhang P et Zimmermann H.D (2013) commence par donner un bref aperçu de la recherche et de la pratique du commerce social à la lumière de la grande attention qu'il a portée dans l'industrie. Ensuite, nous proposons un cadre de recherche avec une vision intégrée du commerce social qui se compose de quatre éléments clés tels que les affaires, la technologie, les personnes et l'information. Dans cet article sur l'e-commerce et l'e-marketing, je me concentrai sur les méthodes et les mécanismes de marketing et les bases et les entreprises électroniques internationales dans cette économie critique et numérique, également la règle importante de la technologie de communication de l'information. Donc, quel est le concept du l'e-commerce et de l'e-marketing sur les marchés mondiaux ? Et quelles sont les méthodes et les mécanismes du l'e-marketing ?

II. Commerce Électronique

Le commerce électronique est une notion nouvelle a émergé avec l'évolution récente dans le domaine de la mondialisation numériques et des techniques modernes de communication. Le monde des communications par les réseaux Internet a défini le

© 2018 Global Journals

commerce électronique comme moyen ouvre la voie à la vente et l'achat ou l'échange de produits, de services et d'informations. En outre, les applications de commerce électronique sont divisées en trois parties, comme suit l'achat et la vente de produits et services dits du marché électronique, à la facilitation et la conduite de la circulation de l'information et de la communication et la coopération entre les entreprises et entre les différentes parties d'une seule société est enfin de fournir un service à la clientèle. L'application des technologies internet pour interfacer les transactions a conduit à la croissance incroyable des marchés électroniques interentreprises (B2B) basés sur internet et des ventes interentreprises en ligne (Dai Q et Kauffman R.J (2002)). La recherche sur les technologies de l'information et leurs impacts fournit une riche ressource pour étudier les différents modèles d'affaires des marchés électroniques B2B et la dynamique de l'adoption organisationnelle des marchés électroniques. Il peut classer le commerce électronique par la nature des transactions commerciales des sociétés électroniques internationales. Je peux classer le commerce électronique par le biais de la nature des opérations commerciales des sociétés internationales électronique. Fig.1. Cette classification représente le vaste domaine aux opérations de vente ou l'achat ou l'échange de produits, de services et d'informations via l'Internet et les clients ou des agents intermédiaires internes ou externe. Cette relation constitue le lien entre les entreprises et le consommateur ou la relation directe entre l'un d'eux et une autre partie.

- *Marketing commercial de la société au consommateur (C2B)*

Cette opération représente le processus de vendre des produits, des services et des échanges commerciaux entre les entreprises et le consommateur, comme la société Dell et Amazon. Ce traitement est classé dans les ventes directes au consommateur par la vente de détail sans présence d'un intermédiaire commercial.

- *Marketing commercial des sociétés aux sociétés (B2B)*

La relation commerciale représente essentiellement de la vente et de l'achat entre les sociétés et ce sont dans l'ensemble des systèmes d'information entre les organisations et les transactions effectuées sur les marchés électroniques entre les sociétés. Dai Q et Kauffman R.J (2002), affirme que synthétisant les recherches antérieures sur les marchés électroniques, les systèmes d'information inter organisationnels et l'adoption des technologies de réseau, révèlent que les marchés électroniques B2B offrent des fonctions de marché de base, comme certains chercheurs l'ont indiqué. Les marchés électroniques commencent à mettre l'accent sur d'autres capacités visant à satisfaire les besoins d'information de gestion et de gestion des risques et à permettre l'adaptation technologique et l'intégration des systèmes.

- *Marketing commercial du consommateur au consommateur (C2C)*

Le marketing représente l'échange commercial du consommateur au consommateur directement. L'étude de Ba S, Whinston A.B et Zhang H (2002) confirme la création de la tierce partie de confiance (TTP) parce que cela pourrait être une excellente opportunité commerciale. Tout comme truste (http:// www.truste.com) et Biz Rate (http://www.bizrate. com) jouent actuellement un rôle important dans la construction de la confiance dans les marchés électroniques, le modèle TTP proposé met en lumière un nouveau type de TTP, ce qui peut promouvoir de manière significative la confiance dans les marchés d'enchères en ligne de consommateur à consommateur (C2C). Alors que relève l'opération de vente d'un produit entre consommateur et un autre consommateur directement. D'où, le consommateur a mis des annonces sur le site web pour la vente des fins personnelles ou des expériences. Il existe aussi des enchères sur l'Internet comme le site eBay.

- *Marketing commercial des consommateurs aux sociétés (B2C)*

L'opération commerciale des consommateurs individuels aux sociétés qui vendent des produits ou services aux sociétés comme la vente de produits d'artisanat ou traditionnelles à des sociétés relevant de la protection du patrimoine. Fig. 5. Illustre quatre éléments essentiels du commerce social, leurs relations d'alignement et d'intégration et d'adéquation stratégique entre la stratégie et les niveaux d'infrastructure dans chaque élément. L'ajustement stratégique est intrinsèquement (Zhou L, Zhang P et Zimmermann H. D (2013)). En effet, les choix faits par une entreprise ou une entreprise évoqueront des actions d'imitation au fil du temps, ce qui nécessitera des réponses d'autres concurrents (Henderson J. C et Venkatraman N (1993)). Cet argument explique le commerce social avec l'alignement stratégique sur les affaires, la technologie, les personnes et l'information.

- *Commerce électronique à but non lucratif (Non business EC)*

Cette opération représente de l'utilisation de différents types de commerce électronique pour réduire les coûts et d'améliorer le fonctionnement de l'administration et des institutions à but non lucratif. Nous rappelons ici les institutions religieuses et sociales.

- *Commerce électronique entre les sociétés (Interbusiness)*

Cette opération représente l'échange commercial sur le réseau interne de la société, qui

© 2018 Global Journals

comprend l'échange des produits, des services ou de l'information. Le but de cette opération est de réduction des coûts de gestion de l'institution et de formation les travailleurs sur le réseau d'Internet.

- *Marketing commercial d'une société à la société au consommateur (C2B2B)*

Cette opération représente de l'échange commercial d'une société à une autre société et ensuite aux consommateurs individuels. Là ici, la société achète le produit et ensuite le vendre au vendeur en détail, et puis, ils les vendent directement aux consommateurs.

- *Marketing commercial de section à l'intérieur de la société (intrabusiness)*

L'opération commerciale représente toutes les activités et les informations internes de la société impliquant des échanges de biens et de services ou de l'information entre les différentes sections et des individus au sein de la société sans intermédiaire commercial. Ce type dépend de plusieurs unités différentes, chaque unité a spécialisé la fabrication des pièces spécifiques et vendu à une autre unité au sein de la société.

- *Marketing commercial de la société à ses employés (E2B)*

L'échange commercial représente de biens ou de services ou d'information de la société à ses personnels individuels. Ici, la société fournit aux employés de certains produits à un prix et des rendements préférentiels reviennent la société directement.

- *Commerce de coopération (C-commerce)*

Cette opération commerciale coopérative a pour objectif essentiel la coopération sous forme électronique entre les personnes ou les groupes à distance pour faire l'opération commerciale électronique telle que la conception et la production d'un produit.

- *Commerce électronique du gouvernement à ses citoyens à des sociétés (E-Government)*

L'opération représente le processus de coordination gouvernemental de l'exécution et de la simplification des procédures de gestion grâce à l'achat ou la fourniture de produits ou de les informations ou à ses citoyens particuliers ou des sociétés par le site Web électronique du ministère. Le gouvernement électronique ou on dit également l'administration publique électronique prendre trois formes principales sont:

- *Relation entre le Gouvernement avec ses Citoyens (C2G).*
- *Relation entre le Gouvernement avec le Gouvernement (G2G)*
- *Relation entre le Gouvernement avec les affaires (B2G).*

Le travail du gouvernement électronique représente la face officielle de la société du savoir et de l'économie numérique dans le cadre de la mondialisation économique et commerciale internationale afin de simplifier les relations avec les structures administratives et les citoyens et toutes les affaires à distance.

III. Marketing Électronique

L'idée de marketing électronique via le marketing mix a débuté de l'année 1964, et cela par la théorie de professeur de l'Université de Harvard de business Neil Borden. Fig.2. Cette méthode comprend, un mélange lui appelé marketing mix contient 12 éléments de marketing. Cependant, Jérôme McCarthy et Four Buze sont ce qui a précédé à jeter les bases de cette combinaison composée de quatre lettres majuscules commençant par la lettre « P ». Il y a aussi un débat continu dans des universités américaines de savoir s'il convient de modifier les éléments de marketing mix pour gérer les affaires de marketing électronique. D'où, toutes les parties commerciales sont travaillées à acquérir une plus grande part du marché visé pour s'efforcer de contrôler et d'influer sur le comportement d'achat des consommateurs par les stratégies de marketing adoptées. Les sociétés électroniques mondiales ont adopté un ensemble des influences extérieures dans le but d'influencer le comportement d'achat des consommateurs pour les amener à se précipiter à leur produit et de contrôler le marché par des intermédiaires, des agents de la promotion et de la vente directe. Le marketing commercial par la méthode de marketing mix est composé de sP4 ainsi que le principal élément, c'est compter sur la recherche du marché qui regroupe des communications et de la société, et ainsi que le processus de commercialisation électronique sur Internet combine des éléments de marketing électronique mix comme suit:

- *Recherche sur le marché (Market Research)*

Le marketing d'un produit particulier procède d'abord par identifier les besoins et les désirs et les préférences, et le comportement et les réactions des consommateurs prospectives, et le meilleur moyen d'atteindre le consommateur est les enquêtes directes à travers des contacts ou par avis de sondage. Aussi, la collecte des informations sur le marché et de déterminer la demande croissante sur la qualité de ce produit. En outre, de concentrer la recherche sur l'étude des concurrents et les variables du marché et la qualité des produits.

- *Produit (Product)*

Les technologies modernes ont contribué de l'affectation des services supplémentaires pour un client donné. Alors que le client est devenu un consommateur

© 2018 Global Journals

demande un produit donné en ligne de certains pays du monde et de toute boutique commerciale choisie rapidement et facilement. En outre, le consommateur peut avoir accès à tous les types de produits électroniquement dans quelques minutes. Il pourrait également pour le consommateur à demander des modifications spécialement adaptées à ses besoins et ses désirs. Ici se fait l'opération de la fabrication, de la production des produits demandés par le consommateur. D'où, l'opération de fabrication de produits se fait via le site web spécial sur les ventes comme suit, la demande des consommateurs qui souhaitent par la sélection de conception, peinture, couleurs, taille, mesure et autres, puis le client faire l'achat de produits et le site faire de fabriquer des produits requis et d'emballage et d'expédition.

- *Prix (Pricing)*

Le prix a constitué les principales substances du marketing pour commercialiser de tout produit par l'Internet, le consommateur est devenu influencé dans une large mesure au prix de ce produit avant de l'acheter. Le prix de ce produit est fait du calcul des taux de frais et des impôts et d'assurance. Ces facteurs ont une influence considérable sur le consommateur, ou ce dernier en comparant les prix d'une meilleure et plus facile entre un grand nombre d'entreprises électroniques concurrentes sur le marché mondial sur l'Internet. L'évolution du marketing commercial sur Internet a ouvert un champ plus large pour le consommateur de choisir le juste prix pour leurs besoins et leurs désirs. Par conséquent ici, l'opération de fourniture qui souhaite se fait par le prix approprié et accessibles en revanche financière de consommateur capable de payer l'achat d'un produit donné.

- *Promotion et Publicité (Promotion and Publicity)*

Le recours à des moyens techniques modernes sur l'Internet a permis aux entreprises d'adopter des méthodes de promotion et de propagande et de la déclaration de coût et de haute qualité pour attirer des consommateurs pour acheter un produit donné. Cette méthode a facilité les travaux publicitaires d'informer le client requis pour la qualité et le prix de ce produit. Elle a également contribué aux désirs du consommateur de manière électronique modernes de haute qualité. Cette activité de promotion est connue qu'une activité de communication direct du marketing avec le client requis de lui dire, ou de le persuader ou lui rappeler d'accepter ou à la restitution d'achat grâce à un ensemble de directives et de conseils. Les éléments de marketing mix peuvent être énumérés dans l'annonce, la promotion des produits selon les désirs du consommateur et les changements du marché.

- *Distribution et vente (Placement and Sell)*

La méthode de distribution suivie par la société conformément aux désirs des consommateurs et à travers le transporteur des produits de l'usine et jusqu'au client ou consommateur. La distribution comprend l'identification des zones géographiques ciblées et la place celui qui veut le consommateur ainsi qu'à la distribution physique, de stockage et de transport direct. L'évolution de systèmes électroniques modernes Internet est devenu un espace commercial mondial, de façon que le consommateur n'ait plus besoin d'aller au marché, ou la recherche d'un produit ne peut pas obtenir facilement, ou de payer l'argent. La distribution et la vente sur l'Internet avec des cartes de crédit facilite l'opération de la vente directe à distance rapidement et de qualité et de haute technologie. Dans cette raison, l'asymétrie de l'information peut conduire à l'inefficacité du marché, on peut concevoir et créer des tiers de confiance pour réduire les informations asymétriques et ainsi prévenir les défaillances potentielles du marché (Ba S, Whinston A.B et Zhang H (2002)).

IV. Les Méthodes Et Les Mécanismes De Promotion

L'opération de promotion du commerce par Internet en se fondant principalement sur les méthodes et les mécanismes de promotion électronique modernes sur les marchés mondiaux. La méthode de promotion comprend la division du marché, de cibler les marchés, positionnement sur le marché, la stratégie de marketing et les types de marketing approuvés. Les mécanismes de promotion électronique des produits peuvent être classés e-business, de marché électronique et de marketing en réseau, commerce électronique partiel, des systèmes d'information entre les institutions et marchés électroniques, des systèmes d'information entre les institutions et les modèles de recettes partagés. Le marketing commercial des produits sur Internet commence grâce à l'élaboration d'un concept global de toute évidence à l'objectif de la société et de l'objet de sa création. Cette voie de marketing vise à élaborer des cadres juridiques et des bases de travail des sociétés et leurs relations avec leurs clients et leurs intermédiaires promoteurs des produits. Dans chaque histoire de succès de promotionnel commercial se trouve le marketing électronique en une main de lui. La connaissance de marketing est devenue aujourd'hui la façon de devenir riche rapidement dans une société du savoir et de l'économie numérique. L'objectif du tiers de confiance (TTP) est de faciliter la création de la confiance dans l'environnement en ligne et de contribuer à réduire la fraude en ligne grâce à l'utilisation de la réputation (Ba S, Whinston A.B et Zhang H (2002)). Le mécanisme combine les aspects de l'économie numérique et de la technologie de la communication de l'information des transactions en ligne. La maîtrise de vente par commission ou la vente directe représentent pour certain commerçant

© 2018 Global Journals

électronique une façon de tirer des bénéfices considérables de façon légitime et juridique.

a) Les méthodes de promotion électronique

Le métier de marketing est la conduite de toutes les formes d'activités d'une société électronique qui regroupe toutes les parties des commerçants, les promoteurs, les intermédiaires et les clients jusqu'à la fin de la procédure de vente de produits. En ce sens, la classification des recherches sur le commerce électronique par thèmes communs tels que les applications, les questions technologiques, le soutien et la mise en œuvre et d'autres méthodes augmentant le volume de la recherche sur le commerce électronique a été mené dans plusieurs domaines (Ngai E.W.T et Wat F.K.T (2001)). Le marketing définit pour l'entreprise le marché de son intervention et de toute marchandise à vendre et la planification de promotion grâce à l'élaboration des méthodes de vente électronique. Fig.3. Le génie du marketing Philip Kotler rappelle par l'application de son analyse marketing dont l'activité saine de la société réside dans un endroit approprié d'une place dans le marché. Cette théorie peut se résumer en trois mots (STP) Segmentation, Targeting, Positioning. En outre, on peut augmenter les deux éléments importants des méthodes de promotion sont la stratégie de marketing par une analyse de la situation de la promotion et puis de définir les différents types de marketing.

- *La division du marché (Segmentation)*

L'objectif de ce processus est la segmentation du marché en plusieurs sections et des groupes afin de trouver des vastes domaines peuvent apporter des bénéfices substantiels en faveur de l'entreprise. On peut diviser le très grand marché sur la base de trois façons différentes:

- ✓ *La Première Méthode:* il est essentiellement que le facteur démographique mention ici le facteur d'âge, de revenus, de l'éducation et de l'emploi. Un exemple de la société L'Oréal des produits cosmétiques éliminés les rides de peau dit qu'il est destiné aux femmes selon le facteur de l'âge de 35 à 50 ans.
- ✓ *La Deuxième Méthode:* ici on peut diviser le marché selon les besoins, car il y a ceux qui voudraient d'apporter au moment de sortir des achats par une demande d'un produit donné à distance. Cette tranche de population préfère les achats par téléphone ou par Internet et du raccordement à domicile ou du lieu de travail. Cette méthode comprend essentiellement, une catégorie donnée au revenu individuel est élevée ou d'un niveau d'éducation élevé, avec une expérience de l'utilisation des applications de téléphone portable ou de l'Internet.
- ✓ *La Troisième Méthode:* dépend de la qualité de la proportion des personnes qui préféraient le choix du site promoteur suivant le mode de comportement, et non par l'intermédiaire de leurs besoins individuels. Exemple une catégorie des personnes qui demandent la nourriture sur le site électronique particulière.

- *Cibler les marchés (Targeting)*

Les annonces publicitaires ont contribué de manière décisive à l'activité du marché de commerce électronique et donc à déterminer les caractéristiques de l'activité de la société et leur viabilité. La prise pour cibler le marché consiste à choisir une fraction de leurs clients en rapport avec les produits qui incitent à l'Internet. Par conséquent, ce ciblage permet de réaliser des bénéfices et le manque de concurrence avec d'autres parties de la société électronique mondiale qui promeut un produit particulier.

- *Le positionnement sur le marché (Positionning)*

Ce terme scientifique est marqué en matière de marketing des produits électroniques avec les auteurs d'Al Ries et Jack Trout en 1982 dans leur livre « Le conflit de s'emparer de l'esprit ». C'est là se fait l'identification du produit de la mettre devant aux yeux des clients d'élaboration au sein de l'esprit des clients. Les qualités des produits varient et prennent diverses formes, dont il était préférable et plus rapide et la plus sûre et la moins chère et le plus beau, mais le marketing vous fait devant un seul choix et celui d'identifier une seule qualité d'un produit veut d'acheter. Le marketing vous assure une qualité donnée d'une société donnée pour une tranche donnée. Le choix d'un site au sein d'un marché a identifié la qualité de produit, est vendu pour une tranche, des clients ont été convaincus de la qualité de ce produit.

- *Stratégie de Marketing (Marketing Strategy)*

Chaque élaboration d'un plan de marketing doit contenir des éléments essentiels et des facteurs sont identifiés avant le début de la promotion du commerce. La stratégie de marketing consiste à fixer des objectifs sont définis en temps voulu et approprié et d'étudier toutes les possibilités. Fig.3. Le plan de stratégie de marketing s'articule dans cinq choses qu'ils appellent les lettres de C Cinq (5C's) et sont les clients (Customers), la société (Company), les concurrents (Competitors), les collaborateurs (Collaborators), le contenu (Context). Ces facteurs ont considéré la plus importante partie de marketing pour vous et pour votre activité et pour votre société et vous avez réalisé des bénéfices considérables.

- ✓ *Analyse Des Clients (Customers Analysis):* La promotion d'un produit particulier exige une analyse des caractéristiques des clients virtuels grâce à une sélection appropriée du produit à leurs désirs. À cet

© 2018 Global Journals

égard, les chercheurs ont trouvé dans le domaine du marketing de l'existence de cinq rôles joués quelqu'un à l'achèvement d'une opération d'achat. Par conséquent, ces rôles distincts sont distribués en fonction de besoins et de désirs ainsi que le promoteur fait le suivi et l'analyse.

- *Initiateur:* Recherche sur Internet du produit désiré.
- *Rapporteur:* De prendre la décision qui convient à ses besoins et ses désirs.
- *Influents:* Affectée par les opérations de promotion et de ne pas prendre la décision finale des achats.
- *Acheteur:* Le client est mis en œuvre avec succès le processus d'achat d'un produit.
- *Utilisateur:* Celui qui faisait l'utilisation d'un produit qui a acheté.

✓ *Analyse de la Société (Company Analysis):* L'opération est faite en analysant les capacités et les points de faiblesse de la société et d'un produit offre de la promotion. En plus l'analyse des capacités financières et la productivité d'une part et leurs capacités de recherche et de développement de l'autre part. Il faut identifier tous les actifs de la société productive du produit considéré.

✓ *Analyse des Concurrents (Competitive Analysis):* Dans ce domaine d'analyse pour les concurrents sur le marché électronique doit d'abord déterminer les concurrents actuels et potentiels. En plus de comprendre les points de leur force et de leur faiblesse de façon bien. Donc de mettre des méthodes et des moyens spéciaux pour le marketeur commercial du produit différent et se distinguent des autres. Il faut en outre évaluer les objectifs et les stratégies des concurrents pour anticiper les réactions des concurrents sur le marché électronique.

✓ *Analyse des Collaborateurs (Collaborator Analysis):* Les entreprises électroniques mondiales ne peuvent pas tout faire elles mêmes pour cela, vous avez besoin de ces sociétés à des nombreux promoteurs et des intermédiaires de la société et de produits destinés à la vente. Ces partenaires sont considérés la société des collaborateurs, telles que les distributeurs et les fournisseurs. Il convient à cet égard d'analyser la qualité des promoteurs grâce à la compréhension et un bon potentiel d'appréciation de chaque partenaire de la société, vous pouvez compter sur le promoteur dans le temps et les lieux de vente à droite.

✓ *Analyse du Contenu (Context Analysis):* La politique de marketing commercial électronique des produits sur l'Internet ou le marketing à travers la vente directe non fixe et son contenu toujours en changement. Les événements du monde ont connu dans le domaine de la technologie numérique en une relation directe avec la culture des clients et qui peuvent produire des surprises inattendues pour le marketeur. La valeur des produits et des services détermine les besoins et les désirs des acheteurs et les changements de la culture de la société, tels que Pepsi, McDonalds et Adidas. Ces évolutions sont appelées dans le marketing commercial par la mode, le chic et la dernière marque. Alors que la valeur des produits proposés dont la vente a affecté et a changé la culture des acheteurs. Ces résultats doivent être identifiés et analysés et pris en considération. Ainsi, Jack Welch le directeur de l'administration électronique le plus connu au cours des vingt ans a montré que le marketing n'est pas la tâche des travailleurs, et que la tâche de tous les employés de l'entreprise.

- *Types de Marketing électronique (e-Marketing Types)*

L'évolution qui a connu les sciences technologiques modernes et de l'espace numérique dans la société du savoir et de l'économie numérique font le réseau d'internet un espace commercial considérable partager à toutes les parties concernées par les autorités locales ou nationales aux commerçants électroniques et aux distributeurs. Ainsi, le commerce électronique est également devenu une culture scientifique et professionnelle et enseigné leurs programmes dans les grandes universités des affaires et du commerce dans le monde. Le marketing électronique est devenu une importante nécessité de la vie des institutions et les usines et les sociétés commerciales locales et internationales. Des certaines de millions de personnes qui connectent sur le réseau d'Internet chaque jour dans tout le monde entier, en particulier par des moyens de communication sociale et de courrier électronique. Il est aussi devenu l'Internet une chaîne de marketing mondial à grande échelle et un marché ouvert au plan international pour la promotion des produits et des services et devenu aussi un espace des affaires pour obtenir des rendements financiers élevés de bénéfice. Fig. 6. Zhong Y (2012) explore les concepts de commerce social, le comportement des consommateurs dans le commerce social, les modèles d'affaires et les modèles de revenus du commerce social. Dans notre monde 350 millions d'utilisateurs s'engagent avec Facebook sur les téléphones mobiles, d'autres utilisent plus de plate-forme des médias sociaux ou se connecter avec Email. Les technologies de l'information et de la communication (TIC) adoptant un modèle peuvent être un outil très utile pour explorer la motivation des consommateurs dans le commerce social. En outre, l'Internet est devenu le domaine commercial des entrepreneurs sans capital ou un coût simple a réalisé des bénéfices considérables. Toutes les études gouvernementales du monde ont montré que le commerce électronique constitue une nouvelle génération des commerces modernes et que le

© 2018 Global Journals

commerce traditionnel est devenu du temps passé. Aussi tous les rapports confirment que les nouveaux riches dans le monde sont celles qui peuvent créer des sites du commerce sur l'Internet ou à promouvoir les produits grâce à la vente directe. Ce qui est sans aucun doute que le travail à distance sur l'Internet a ajouté des moyens de promotion sont les types suivants peuvent être cités:

- Sites d'annonces gratuites sur Internet.
- Les Forums publics et spécialisés.
- Annuaires et index des sites web.
- Pages des sites Web.
- Sites des médias sociaux.
- Sites des vidéos.
- L'annonce en des clics sur les moteurs de recherche.
- L'annonce en des clics sur les sites sociaux.
- Courrier électronique d'annonce et des campagnes de promotion.
- Sites des annonces payantes.
- Blogs de l'entreprise à travers la communication directe avec les clients et expliquer les produits.
- Les magazines et les journaux électroniques.
- L'annonce par les moteurs de recherche.
- Le web design pour faire connaître les produits et les services.
- La création des boutiques commerciales électroniques.
- Publicité des sites de propagande.
- Le marketing à travers les recommandations.

Parmi les plus importants points qui sont ajoutés par le site internet pour comprendre les besoins et les désirs et les actions des clients sur les sites web électroniques et commerciaux et de comprendre ce qu'ils aiment et ce qu'ils ne veulent pas. Aussi une évaluation scientifique et professionnelle de l'exécution et l'efficacité des campagnes publicitaires de marketing électronique.

b) Les Mécanismes de Promotion Électronique

L'opération de vente ou l'achat ou l'échange des produits et des services et des informations sur l'Internet dépend de nombreux mécanismes de promotion en fonction de la compétence de chaque société électronique dans un domaine donné de marketing et de vente. Les preuves sur la manière dont les investissements dans les technologies de l'information sont liées à une productivité et à une transformation organisationnelle accrues, en mettant l'accent sur les études menées au niveau des entreprises (Brynjolfsson E et Hitt L.M (2000)). Les stratégies de promotion depuis lors ont considérablement amélioré la compréhension de la relation entre les technologies de l'information, la transformation organisationnelle et la performance de l'entreprise. Fig. 4. Des multiples expressions du commerce électronique prendre des formes multiples et diverses parmi eux on note le commerce électronique (e-business), le marché électronique (e-Marketplace), le marketing de réseau web (Network Marketing), le commerce électronique partiel (Click-and-mortar), les systèmes d'information entre les institutions et les marchés électroniques (Inter-organization Information Systems), les systèmes d'information entre les institutions (Intra-organization Information Systems) et les modèles de recettes communs (Marketing Models).

- *Les affaires électroniques (e-business)*

On peut définir les affaires électroniques selon la notion de l'utilisation des techniques modernes et les réseaux électroniques pour le développement et la distribution des affaires commerciales ou la création des nouvelles affaires virtuelles. Cette définition à élaborer des cadres de base du commerce électronique et la distribution des rôles et l'identification les relations entre les clients, les intermédiaires, les promoteurs et les partenaires commerciaux. En plus de çà de faire les opérations commerciales électroniques et les échanges commerciaux grâce à la vente ou l'achat de produits et de services et d'informations.

- *Le marché électronique (e-Marketplace)*

La révolution des technologies de communication numérique a mis au point un nouveau concept de l'économie connaît par l'économie numérique et également appelée l'économie de l'Internet, la nouvelle économie, ou de l'économie du web. Cette définition est l'expression d'un marché commercial représente l'échange des produits électroniquement et un forum entre le vendeur, l'acheteur et le promoteur des différents produits. En plus les opérations financières et les échanges d'informations électroniques par l'Internet.

- *Le marketing de réseau web (Network Marketing)*

C'est l'expression de marketing commercial des produits grâce à des applications d'Internet qui aideront de continuer à des amis ou des partenaires des affaires ou des personnes partageant les préoccupations particulières par la recherche des besoins et des désirs des produits donnés. Ainsi, grâce à la vente directe entre les individus et par définition de produit et de le promouvoir par commission grâce à un réseau social regroupant tous les distributeurs et les bénéficiaires. Le marketing du réseau web est nommé de la société, des personnes signifie que toute personne peut relais se commerce et devient la directrice d'une société internationale comme un distributeur local ou international afin de lui fournir un service d'un réseau des clients et des commissions. Le marketing de réseau représente l'abandon de la société mère producteurs des produits de supporter la charge de l'administration et de la vente en faveur des agents promoteurs leur produit en échange de matériel à déterminer en fonction

© 2018 Global Journals

du nombre des clients polariseurs et la commission obtenue par le distributeur.

- *Marketing électronique partiel (Click-and-mortar)*

Tables. 1. L'économie numérique est une série d'activités économiques, sociales et culturelles qui sont effectuées en ligne et qui sont liées à l'utilisation de la technologie de l'information et de la communication (TIC). Grâce à ces tables statistiques, nous observons une tendance à la hausse dans l'utilisation des technologies de l'information et de la communication (TIC), ainsi que des investissements dans ce domaine, en particulier dans les pays développés tels que la France et le Japon. L'économie numérique est la convergence de l'économie, de l'informatique, des (télés) communications, de l'informatique et de la numérisation. Il est basé sur des ressources intangibles telles que l'information, l'innovation, la créativité, etc, (Zupan G (2016)). Les principaux éléments de l'économie numérique sont la numérisation et l'utilisation des TIC, la conversion de l'information en valeur marchande et de nouvelles façons d'organiser l'économie, les processus d'affaires, le travail et la production. La croissance de l'économie numérique a un impact sur l'ensemble de l'économie. L'utilisation plus intensive des TIC et l'évolution des habitudes de consommation, exigent que les entreprises et les organisations s'adaptent aux nouvelles conditions et exploitent les avantages du monde numérique. Le marketing électronique partiel représente la combinaison commune du commerce traditionnel et du commerce électronique, d'où l'opération du commerce électronique est divisée en deux parties la première partie électronique et la deuxième concrète. Alors que le produit que le promoteur combine entre deux types de commerce.

- *Les systèmes d'information entre les institutions et les marchés électroniques (Interorganization Information Systems)*

Ces systèmes représentent l'échange des informations et de contrôler par le lien électronique entre les entreprises ou les organisations. Le but fondamental de cette transaction électronique à distance est d'effectuer des opérations de façon efficaces comme l'envoi des mandats financiers, les paiements des factures, les lettres de change et les chèques bancaires à travers des réseaux externes. Les relations entre les parties concernées par l'Internet pour un but essentiel de simplifier les opérations financières sur le plan local ou international. Le marketing électronique rassemblant des vendeurs et des acheteurs afin d'appel d'offres et de monter de prix et de rendre opérationnel le système de paiement électronique à distance. La différence entre les systèmes entre les institutions et les marchés électroniques représente que la première utilise des applications des sociétés aux sociétés et la deuxième utilise des applications des sociétés aux sociétés et des applications des sociétés aux consommateurs.

- *Systèmes des informations entre les institutions (Intraorganization Information Systems)*

Nous pouvons voir à partir des tables statistiques 2. L'accès aux abonnements large bande haut débit dans le système de télécommunication sans fil ou fixe, ainsi que l'utilisation de ces moyens pour les entreprises et le commerce, ainsi que le nombre croissant de ménages disposant des moyens de communication étendus en France, Japon et Allemagne. Les nouvelles technologies de communication ont fournies au marché électronique et au système de paiement à distance entre plusieurs entités commerciales et comprennent souvent une société donnée et leur fournisseur et leur consommateur. Grâce à ces systèmes des informations entre les institutions à travers des réseaux de communication spéciaux et commerciaux peuvent les vendeurs et les acheteurs organisent des relations commerciales quotidiennes. On peut diviser les types des systèmes des informations entre les institutions à:

- Données des inter-échanges électroniques (Electronic Data Interchange EDI).
- Le réseau supplémentaire (Extranet).
- Transfert électronique de fonds (Electronic Funds Transfer).
- Formulaires électroniques (e-application).
- Intégré de communication (Télécopie, Email).
- Bases de données partagées (Basic Informations decomposed).
- La gestion de la chaîne d'approvisionnement (Supply Chain Management).

Ces systèmes électroniques des derniers services qui fournissent par les technologies de communication numérique sont considérés pour simplifier les transactions des sociétés aux sociétés ou des organisations aux sociétés ou des sociétés aux organisations ou des sociétés aux consommateurs. En plus les échanges commerciaux grâce à la réception et le stockage et la transmission des données communes, entre les sociétés et leurs consommateurs et leurs fournisseurs à travers la promotion et les demandes de commerce électronique.

- *Les modèles de recettes communs (Marketing Models)*

Le modèle de travail d'application de commerce électronique est centré sur les services d'appui au marché électronique et d'organiser des échanges commerciaux et les relations entre les vendeurs, les acheteurs, les relations administratives publiques, l'annonce et la promotion. Les infrastructures des sociétés de télécommunications et des technologies de l'information ont constitué un modèle de travail commun. Par conséquent, on peut déterminer

© 2018 Global Journals

la structure et les caractéristiques d'un modèle de ce travail, et ce par des modèles de recettes communs. Ces modèles sont subdivisés en :

- Un modèle de frais de transaction (Transaction fees Model).
- Un modèle d'abonnement (Subscription Model).
- Un modèle d'annonce (Advertisement Model).
- Un modèle d'affiliation (Affiliate Model).
- Un modèle des ventes (Sales Model).

Ces modèles représentent une stratégie de marketing par des moyens techniques modernes de communications commerciaux régissant les opérations financières à distance, les abonnements et les annonces payées, la promotion et la vente des produits et des services. Les modèles de recettes en commun représentent le modèle des sociétés électroniques mondiales et ce pour réaliser des bénéfices et des recettes pour assurer la survie du marché électronique.

V. Conclusion

L'économie numérique n'est pas une économie totalement nouvelle, mais plutôt l'ensemble des nouvelles façons d'accomplir les activités économiques et sociales habituelles grâce à l'utilisation des technologies de l'information et de la communication (Georgiadis C. K, Stiakakis E et Ravindron A. R (2013)). Le marketing commercial ou, plutôt, dites-le marketing électronique est considéré comme le commerce du XXIème siècle. Comme il a expliqué le génie de marketing électronique Kotler dans son livre l'importance de ce marketing à acquérir clients et des intermédiaires ou des promoteurs par commission chargée l'opération de la vente et du marketing. L'utilisation d'internet ne se limite pas seulement à la maison, au lieu de travail, à l'école, etc., ou à l'accès via des connexions internet fixes. Les personnes accèdent à internet avec des appareils mobiles (ordinateurs portables ou tablettes, téléphones mobiles ou intelligents, lecteurs électroniques, montres intelligentes) via des connexions internet mobiles à tout moment et en tout lieu (Zupan G (2016)). Les connexions internet mobiles permettent la connectivité n'importe où. Les connexions internet mobiles de plus en plus rapides permettent le développement de nouveaux services et modifient la vie quotidienne et le fonctionnement des entreprises. Le marketing a aidé par le réseau d'Internet, les sociétés électroniques mondiales de cibler un marché plus vaste et plus grand et d'accéder à ses produits et à ses services à la plus grande base des clients directement ou par l'intermédiaire des promoteurs par commission et ce de manière plus simple et moins coûteuse. Les nouvelles technologies de communication entre les millions de vies quotidiennes sur l'internet ont contribués au développement du système le marketing commercial des produits des sociétés électroniques mondiales. Le commerce électronique est devenu la culture de la société numérique qui est devenue achète et vend à travers les plus grands sites mondial, ainsi ce commerce a développé à travers les relations entre les sociétés, les consommateurs et le gouvernement. Le commerce électronique dépend essentiellement des transactions commerciales par la vente et l'achat direct ou par un intermédiaire, ainsi qu'à la demande croissante des produits modernes répondant aux besoins et désirs des consommateurs. Si tu voulais faire un projet sans capital ou à un coût modeste, alors vous devez d'apprendre à créer des sites et des boutiques électroniques et être qualifié d'une expérience du commerce du XXIème siècle. Si votre site et votre boutique attrayante est organisé et propre et donc tu reçus des bénéfices financiers considérables de façon légitime et juridique. En plus de se concentrer sur les campagnes de marketing qui constituent d'importants facteurs d'attirer les clients et de la vente directe ou électronique. L'évolution de marketing électronique via le marketing mix à donner des réelles possibilités aux commerçants électroniques et des sociétés mondiales de diversifier les produits et les services, fixation de prix et de localisation et facilité la distribution, de l'annonce et de la promotion et de la publicité et de développer les recherches sur le marché. Ce domaine a permis d'atteindre le plus grand nombre possible des clients à moindre coût et de communiquer directement avec eux. Le marketing commercial grâce à des méthodes et des mécanismes de promotion et de définir un concept global de toute évidence à l'objectif de la société et de ses relations avec toutes les parties au marché électronique. Ces objectifs comprennent une division du marché, de cibler les marchés, du positionnement sur le marché et de l'analyse des stratégies de marketing et de maîtriser les types de marketing. Ces méthodes et ces mécanismes représentent l'objectif fondamental grâce celles-ci peuvent les sociétés électroniques mondiales répondre aux besoins et aux désirs des clients de façon à apporter des bénéfices considérables. En plus, les mécanismes de promotion représentent la source de développement le système des affaires électronique, le marché électronique ouvert et le marketing en web réseau, le commerce en détail, les systèmes d'information et de modèles de recettes communs. Si l'on a gagné le pari de marché, vous gagnerez des bénéfices grâce à une augmentation des clients et de l'obtenir une commission en échange. Tous les rapports mondiaux montrent que le commerce électronique est devenu en échange par des milliards, en plus les grandes opérations financières électroniques entre les commerçants et les acheteurs. L'échange commercial électronique ouvre la voie à la mondialisation électronique et le développement des nouvelles technologies de communication et de l'économie numérique à tous les pays du monde. Par conséquent pour être en succès dans ce domaine, vous

© 2018 Global Journals

ne devrez pas d'être seul où isolé la source de la richesse est de vos clients et votre langue et votre relation avec les acheteurs et les persuader par votre produit de promotion et destinée à la vente. Il faut devrait friction les détenteurs d'expertise et d'expérience professionnelles dans ce domaine et de l'apprendre d'entre eux, et de bénéficier de leur expérience. Les riches nouveaux du monde sont les commerçants électroniques parce qu'ils disposent de toutes les sociétés et tous les produits qui innombrables et sans capital de manière ils peuvent la vente des milliers de produits par jour. Le commerce traditionnel a besoin de capital en transaction pour acheter des produits, un local commercial, les clients et une administration de distribution et de comptabilité et, par conséquent, ce commerce est considéré limité et coûteux et non rentable par rapport au commerce électronique mondial.

Références Bibliographiques

1. Ba S, Whinston A. B and Zhang H. (2002), « Building trust in online auction markets through an economic incentive mechanism », Decision Support Systems 970 (2002), xxx-xxx.
2. Brynjolfsson E and Hitt L. M. (2000), « Beyond Computation: Information Technology, Organizational transformation and Business Performance », Journal of Economic Perspectives, Vol. 14, N°4, pp. 23-48.
3. Dai Q and Kauffman R. J. (2002), « Business Models for Internet-Based B2B Electronic Markets », International Journal of Electronic Commerce, Vol.6, N°4, pp. 41-72.
4. Georgiadis C. K, Stiakakis E and Ravindran A.R. (2013), « Editorial for the special issue: Digital Economy and E-Commerce Technology », Springer-Verlag, Oper Res Int J. (2013), Vol. 13, pp. 1-4.
5. Henderson J.C and Venkatraman N. (1993), « Strategic alignment: leveraging information technology for transforming organizations », IBM Systems Journal, Vol. 32, N°1, pp. 472-484.
6. Ngai E.W.T and Wat F.K.T. (2002), « A literature review and classification of electronic commerce research », Information & Management, Vol. 39, pp. 415-429.
7. Sabbagh F. (2017), « Commerce électronique et Marketing électronique: Les méthodes et les mécanismes de promotion », Édition Knoowy, Study Documents.
8. Zhong Y. (2012), « Social Commerce: A New Electronic commerce », Eleventh wuhan international conference on e-Business, Vol. 49, pp. 164-169.
9. Zhou L, Zhong P and Zimmermann H.D. (2013), « Social commerce research: An integrated view », Electronic commerce research and applications, Vol. 12, pp. 61-68.
10. Zupan G. (2016), « E-Skills and Digital economy », Statistical office of the Republic of Slovenia.

© 2018 Global Journals

Annexes

Figure 1: Commerce électronique

Marketing (Commerce) Société à la Consommation (B2C)	Commerce électronique
Marketing (Commerce) Sociétés aux Sociétés (B2B)	
Marketing (Commerce) Consommateurs aux Consommateurs (C2C)	
Marketing (Commerce) consommateurs aux Sociétés (C2B)	
Commerce électronique non – lucratif (Non business EC)	
Commerce électronique entre les institutions (Interbusiness)	
Marketing (Commerce) de la Société à la Société au Consommateur (B2B2C)	
D'une section à l'intérieur de la Société (Intrabusiness)	
De la Société à ses employés (B2E)	
Commerce coopératif (C-commerce)	
De gouvernement à ses nationaux ou à des Sociétés (E-Government)	

Source: Foued Sabbagh (2017)

Figure 2: Marketing électronique (Marketing Mix)

La composante moderne en matière de développement de la recherche marketing	La recherche sur le marché	Marketing électronique (Marketing Mix)
Jérôme McCarthy et Four Buze (4Ps) (Marketing Mix)	Produits et Services	
	Prix	
	Lieu et Distribution	
	Annonce, Promotion et Publicité	

Source: Foued Sabbagh (2017)

Figure 3: Méthodes de promotion

Philip Kotler (STP)	La division du marché	Méthodes de Promotion
	Cibler les marchés	
	Positionnement sur le marché	
Stratégie du Marketing (5C's)	L'analyse des Clients	
	L'analyse de l'entreprise	
	L'analyse des concurrents	
	L'analyse des collaborateurs	
	L'analyse du contenu	
Types de Marketing		

Source: Foued Sabbagh (2017)

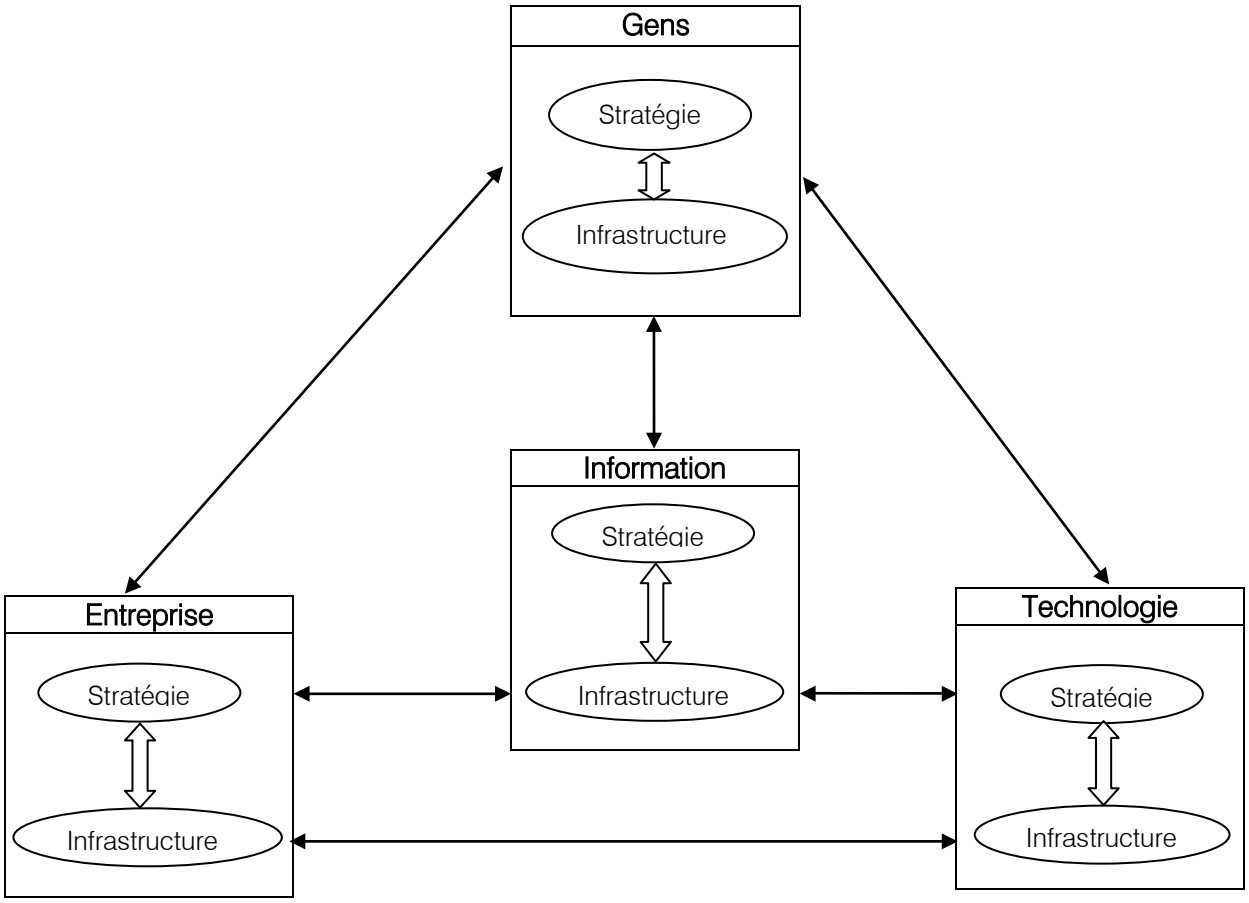
Figure 4: Mécanismes de promotion

Les affaires électroniques (E-business)	Mécanismes de promotion
Marché électronique (E-Marketplace)	
Marketing de réseau (Network Marketing)	
Commerce électronique partiel (Click-and-mortar)	
Les systèmes d'information entre les institutions et les marchés électroniques (Inter-organisation Information Systems)	
Les systèmes d'information entre les institutions (Intraorganization Information Systems)	
Modèles revenus partagés (Marketing Models)	

Source: Foued Sabbagh (2017)

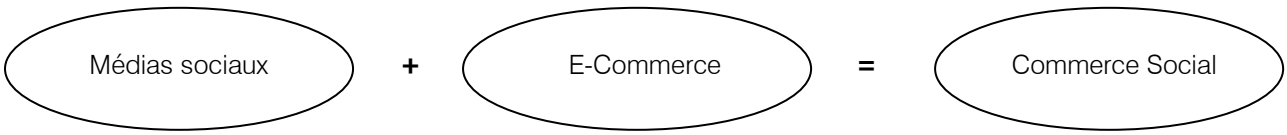
© 2018 Global Journals

Figure 5: Une vision intégrée de la recherche sur le commerce social



Source : Lina Zhon, Ping Zhang and Hans-Dieter Zimmermann (2013)

Figure 6: Le concept de modèle de commerce social



- *Graphique social*
- *Graphique d'intérêt*

- *Transactions*

- *Partager et échanger*

Source : Yao Zhong (2012)

© 2018 Global Journals

© 2018 Global Journals

Table 1: Technologies de l'information et de la communication (TIC)

Table 1.1: TIC valeur ajoutée

Country/Year	AUT	BEL	CAN	CZE	DNK	FIN	FRA	DEU	GRC	HUN	ISL	IRL	ITA	JPN	KOR	LUX	NLD	NOR	POL	PRT	SVK	ESP	SWE	CHE	GBR	USA	EST	SVN	OECD
2011	3,784	4,494	5,1	5,728	5,208	6,427	5,1	5,139	4,92	7,35	4,322	11,932	4,94	8,077	9,578	7,046	5,09	3,868	4,106	4,094	5,872	4,563	6,833	7,447	7,369	7,109	6,949	4,713	6,004

Source : OCDE

Table 1.2: TIC emploi

Country/Year	AUT	BEL	CAN	CZE	DNK	FIN	FRA	DEU	GRC	HUN	IRL	ITA	JPN	LUX	NLD	NOR	PRT	SVK	ESP	SWE	CHE	GBR	USA	EST	SVN	OECD
2011	2,936	2,671	2,605	3,247	4,437	6,427	3,33	3,941	1,846	4,936	5,247	3,15	4,737	4,426	3,541	3,309	1,879	3,335	2,656	4,492	5,363	4,267	3,797	4,389	3,368	3,7

Source : OCDE

Table 1.3: TIC investissement

Country/Years	AUS	AUT	CAN	DNK	FIN	FRA	DEU	IRL	ITA	JPN	KOR	NLD	NZL	ESP	SWE	CHE	GBR	USA
1985	12,46545	9,169517	11,06016	20,79865	2,798417	12,22104	13,25454	6,625801	10,71491	7,367463	9,413975	12,05999	13,2586	13,98335	15,04196	13,47824	13,94763	21,45438
1986	13,93953	8,871909	11,53996	19,93597	3,444224	12,39109	13,09243	5,789756	11,60053	7,922849	9,202438	12,27686	15,57856	14,57282	15,43408	13,70828	15,59967	22,6436
1987	14,14243	8,631163	12,52035	20,83263	3,598105	12,65487	13,3633	6,103586	12,232	8,356115	10,04053	12,8523	14,91048	15,16134	15,80401	13,63599	15,80262	22,92677
1988	14,28999	9,772236	12,40965	15,95658	3,79193	12,62666	13,65549	7,735976	12,58228	8,960974	9,440109	13,47698	16,33011	15,11891	16,47545	13,66174	15,9304	23,37558
1989	15,34871	9,748974	12,56532	17,22341	3,893099	12,63232	13,79488	7,443723	12,31637	9,411935	8,931326	14,5972	18,52424	14,55102	15,48188	13,48609	16,18097	24,09065
1990	16,22827	9,804382	13,22704	17,75518	4,865744	11,9079	13,97038	6,085564	12,15081	9,089892	8,403208	14,70597	20,47944	13,69028	15,2119	13,48156	15,93475	23,8235
1991	18,06236	10,17385	14,2392	18,33673	6,489717	11,50943	13,75591	6,645843	12,17319	9,326125	7,526111	15,30192	22,48203	12,46535	16,80417	13,26068	18,20753	25,41451
1992	19,52667	10,04182	16,11444	18,37187	8,920267	11,76853	13,12543	6,615519	12,52998	9,444063	7,27434	15,0519	22,14974	11,62012	19,83039	13,83947	18,5102	26,87302
1993	18,94611	10,15263	16,93998	21,2854	12,25767	12,48247	13,20642	6,910261	12,91146	9,487477	7,181278	15,69932	19,67615	12,5653	26,44925	14,67357	19,06223	26,75113
1994	18,22492	10,81663	16,37908	21,26985	14,81294	13,05556	13,03926	7,648467	13,52693	9,487759	7,749645	16,37263	19,87493	12,86528	25,46372	15,27669	20,82338	26,60711
1995	18,47078	11,25791	16,77352	19,72702	17,29159	13,887	13,29467	11,11246	12,96403	10,61348	9,296171	15,69783	18,94381	12,5073	24,84148	14,03459	22,98488	27,17379
1996	19,23341	10,7935	18,03033	18,52495	12,8957	15,46667	14,1195	12,0671	13,66055	12,6221	9,993333	16,40936	18,87522	14,56187	24,08433	14,59526	25,11871	27,78731
1997	20,44956	11,21908	17,51579	19,77524	12,3367	17,53333	14,44019	10,27669	14,80362	12,15022	10,91463	17,94364	20,61516	14,4778	25,58622	16,29766	23,84561	28,93265
1998	20,23534	12,61064	18,7651	19,48039	13,80964	18,70018	15,22412	11,64346	14,16058	11,99231	12,79183	18,86765	24,36388	14,72177	27,75985	16,53643	25,58335	29,28919
1999	21,51975	13,54934	19,90437	21,62197	14,59312	19,86494	16,46835	11,00513	13,86458	13,03914	15,7968	19,11492	23,28518	14,91094	28,79766	17,51743	27,18326	30,97586
2000	24,0155	13,37829	20,61107	19,94718	13,19869	19,23657	17,32103	11,04115	14,60102	15,04308	18,02916	19,85098	26,13139	14,66577	30,33664	17,23358	30,02729	32,60111
2001	22,54178	13,99849	20,19332	19,20074	11,74204	20,51282	17,51308	11,17843	13,63651	15,08194	16,99673	19,9392	22,31824	14,27924	27,90616	17,76348	28,03881	31,15105
2002	19,88743	14,52103	19,2329	22,01632	11,10097	19,21937	16,64899	9,275265	12,33842	14,8342	15,70482	19,12895	21,09387	13,8038	26,1875	18,88256	26,46331	30,33779
2003	19,65725	13,13209	18,75371	22,05129	14,45046	18,55422	15,06852	9,103434	11,60413	14,84725	13,23979	20,01081	21,82578	13,60955	24,94157	18,2971	24,50124	30,53394
2004	17,30095	12,38379	18,53839	23,7141	14,44915	17,63902	14,52497	8,994478	11,45601	14,63961	11,91097	21,28448	21,65919	13,31799	24,76572	19,0146	25,00276	29,77203
2005	15,33718	11,88726	17,59781	24,80212	14,98808	17,45081	14,98392	7,527052	11,66963	14,30709	12,23533	21,99082	21,6027	12,7137	25,07846	18,35375	24,60004	27,779
2006	14,63537	12,10717	16,81314	24,50639	15,43311	17,02811	15,19355	8,984832	10,90942	13,45308	12,37351	22,27951	22,31121	12,72055	24,36486	17,90816	24,74603	26,71907
2007	14,21203	12,28721	16,65547	24,57366	14,27948	16,23711	13,96518	8,871742	10,74138	13,39941	12,14019	19,54825	22,41765	13,13256	23,03741	17,73105	23,7657	26,31124
2008	13,78564		15,86403		12,82297	16,22285	13,04645	7,546465	10,4188	13,5321	11,71829		22,86724	13,63852	21,93484	17,92638		26,42381
2009			17,47223		14,42818	16,33962	13,23498	11,2979	10,9079		11,35816		21,61938	13,70693	24,74626	18,78993		30,61006
2010			17,01837		15,51983		12,69039	12,41281	11,02606		10,71603		21,23818	13,76342		18,50669		32,13784

Source : OCDE

Table 1.4: TIC exportations de biens

Country/Years	AUS	AUT	BEL	CAN	CZE	DNK	FIN	FRA	DEU	GRC	HUN	ISL	IRL	ITA	JPN	KOR	LUX	MEX	NLD	NZL	NOR	POL	PRT	SVK	ESP	SWE	CHE	TUR	GBR	USA	BRA	CHL	CHN	EST	IND	IDN	ISR	RUS	SVN	ZAF	OECD
2000	1727	3941	10825	20957	1334	3654	10781	31959	48717	465	7231	2	27697	10675	108795	59428	889	34771	38160	158	1104	1293	1492	388	5355	15467	3080	1024	50419	156670	2232	30	44135	967	714	7573	6668	411	169	417	666268
2001	1619	4006	11453	13094	2582	3470	8526	36310	46924	347	7244	2	31638	10612	81953	44870	1179	34943	34286	141	1165	1619	1701	457	5270	8495	3580	1056	47899	128513	2329	33	55221	853	858	6095	5842	284	204	442	570817
2002	1455	4533	9734	10163	5145	4481	8913	32629	49665	325	8804	2	27450	9239	82819	53501	945	33340	28534	269	955	1955	1711	492	5002	9232	2013	1603	46747	111448	2178	36	76843	579	781	6301	3681	311	220	388	547000
2003	1571	5004	11617	10152	5207	4282	10029	33277	55304	388	10899	3	23492	9851	91435	65213	720	31845	42613	264	1015	2314	2364	851	6470	10152	2296	1988	37280	114855	2106	147	121355	830	957	5687	3932	324	251	462	586396
2004	1713	5908	12868	11846	7907	4652	10411	36864	77388	512	15694	2	23482	11452	104339	84555	859	37003	53810	351	1169	2819	2777	1688	7044	13634	2742	2933	37786	124087	2013	141	177742	1126	1082	6527	3815	451	275	578	680405
2005	1781	6457	12841	13990	8668	4657	13228	27327	77168	488	15944	3	24675	11581	100834	85214	998	38333	58714	369	1268	3558	2972	2991	7197	14613	3408	3227	53881	128943	3701	206	234086	1405	1113	6944	3210	423	229	587	730188
2006	1788	6710	12181	14878	12330	4158	13242	31596	82809	610	17841	5	24121	11376	103139	86167	840	46916	62336	374	1471	5319	3673	5267	7547	15115	3015	3178	84834	140314	3969	253	297653	1310	1344	6138	3527	771	291	745	808521
2007	1917	7295	11599	13058	16724	4742	13986	26184	77542	561	21298	7	22724	11127	92833	93798	757	48149	67717	414	1669	7854	4041	8454	6688	14521	3007	2888	29384	135342	2658	294	352476	780		6025	3470	777	384	846	750198
2008	2071	7439	12161	14099	19945	3898	14409	25724	73845	666	24506	9	19938	10512	91197	89435	524	56872	62847	402	2116	11941	3842	12808	6810	15815	3327	2406	27359	137144	3135	305	393643	749		6517	6298	780	618	805	769476
2009	1643	5242	9219	10912	15558	3110	6741	19824	54197	495	22445	3	12775	8194	69153	78497	395	49737	51942	348	1771	12798	1757	11569	4876	11765	2715	2282	22961	112645	2312	301	351825	494	6099	6912	7852	836	520	677	614505
2010	1988	5704	9464	10645	19483	3510	4461	22448	64134	542	24228	3	8839	9614	81522	98493	399	60087	60999	372	1868	15366	1939	12237	5385	15385	3194	2092	23732	133920	1977	264	455025	1019	4404	7862	7177	887	532	695	710677
2011	2275	6407	10572	11129	24728	3821	3872	24686	67643	634	23972	4	7306	10890	75515	98317	467	59231	62527	445	1655	13212	2247	13625	4559	17108	3419	2235	23234	139927	1783	291	503784	1081	6507	7845	7247	1226	552	763	734735
2012	2241	6112	9108	10249	22351	3680	2899	22606	61853	592	17872	8	6762	9339	77781	93360	374	62414	55840	419	1278	12603	1972	13281	3609	12438	3347	2645	20080	138651	1235	265	549554	1977	5712	7713	7387	1634	494	904	680980

Source : OCDE

Table 1.5: Accès aux ordinateurs à la maison

Country/Years	DNK	DEU	ISL	JPN	CZE	FRA	HUN	SVN	AUT	POL	ESP	TUR	CHL	GRC	IRL	KOR	NLD	AUS	CAN	FIN	USA	MEX	NOR	SVK	CHE	BRA	ISR	ITA	LUX	PRT	EST	BEL	SWE	GBR	NZL	LVA	LTU	COL	CRI
2005				80,3												78,8940375		70	72			18,56			76,5		62,4												27
2006	84,5749	76,8558	84,6127	80,8	39,0395		49,804	65,2681	67,0659	45,4134	55,8678		34,5	36,7012	58,5742	79,5944227	80,039	73	75,4	71,1027		20,62	75,3307	50,0949	77,4		65,8	51,5922	77,2517	45,5876	52,0382	57,5354	82,4821	71,4986	72	40,6468	39,8406		28,1984314
2007	82,3404	78,6466	89,1498	85	43,3968	65,5494	52,3551	65,5984	70,7462	53,6859	58,9493	27,3081		40,1674	65,4871	80,4474333	86,3036	75	78,4	78,9631		22,12	82,4771	55,4297	79,2		68,9	53,3796	79,9669	48,3165	56,4735	67,1968	82,8719	75,3778		49,2205	46,2723		31,92
2008	85,4588	81,8393	91,9216	85,9	52,4138	68,3557	57,1866	65,1195	75,9463	58,8728	62,1818	33,3911		44,0137	70,3481	80,9219782	87,7319	78	79,4	75,7674		25,65	85,8021	63,2266	81,4	24,6	71	55,9745	82,8419	49,8482	58,8312	70,0005	87,0993	78,0062		56,6547	52,0273	13,1234479	34,429729
2009	86,2344	84,0926	92,4591	87,2	59,5863	74,2203	61,3626	71,2161	74,4629	66,0852	65,1014	37,4048	43,9	47,3287	72,8882	81,4271125	90,7512		81,7	80,1388		26,76	87,5945	64,0456	82,5	32,3	74,4	61,2675	87,9817	55,9881	64,0087	71,1498	87,5799	81,1916	80	60,111	57,344	14,9328101	38,0076886
2010	88,0249	85,7406	93,056	88,4	64,0561	76,4499	64,457	70,4624	76,1859	69,0212	67,4256	44,2265		53,3865	76,464	81,842274	91,9733	82,57		81,9856	74,87	29,79	90,9441	72,1756	83,6	34,9	76,7	64,8464	90,2148	59,4949	68,3044	76,7229	89,5021	82,5671		62,7755	59,2267	19,2338348	41,272155
2011	90,4412	86,8648	94,66	88	69,8985	78,1752	67,8143	74,4408	78,0896	71,3347	70,328			57,2357	80,5599	81,8813355	94,1582			85,1187	75,57	30,04	90,9743	75,4321	84,89	42,6	78,2	66,1957	91,7325	63,7269	70,0402	78,8848	91,5874	84,5598		64,3118	60,2072	23,3538802	45,3429891
2012	92,2643	87,0897	95,5166	77,9	67,2881	81,0122	68,7479	76,1	81,3337	73,3577	72,5888	50,2477	68,2784411	56,7914	82,7459	82,3076259	94,505			87,5615	78,87	32,19	91,8871	78,8125	86,6	45,8	80,38	67,0906	92,1312	66,0373	74,3429	80,3305	92,2986	87,2188	78	69,5155	62,1365	38,5175491	48,9616083
2013	93,0825	88,8744	96,7016	81,7	73,8672	81,5535	71,3968	76,3561	80,8504	74,7847	73,3355	49,8193	56,4418268	59,5484	85,5992	80,6017618	95,1694		85,6	88,7494	72,03	35,7938577	93,2816	80,0754	88,6	48,7	80,72	71,1443	94,2733	66,6784	78,9933	81,8651	91,8884	88,2038		71,7196	65,8774	42,1747188	51,008801
2014				78									60,2919618			78,2488932		82,95				38,2920148			90,25	50,5	81,35											44,4663857	52,3053934
2015	92,2751	90,9926		76,8	78,9377	81,5482	74,9754	77,7509	82,1364	77,9778	75,8652	50,5579	56,3965688	68,5681	88,5441	77,067676	96,2006			89,3321		44,9111199	95,4735	80,4795		47,9	80,3	72,5436	95,3357	71,105	87,8821	82,0915	88,25	89,8955		76,1467	67,6401	45,5	53,2
2016				73												75,286306						45,5980297				41,5243877	78,08												
2017	93,1369	92,8656	97,2972		82,1815	84,125	79,6748	79,513	85,3738	81,7749	78,385	49,9999		70,5005	83,7578	74,707838	97,6108			93,4973			94,9057	81,7991				72,502	95,4483	71,4912	86,959	85,1191	92,8164	91,6684		77,3898	73,0092		

Source : OCDE

© 2018 Global Journals

© 2018 Global Journals

Table 1.6: Accès Internet

Country/Years	BEL	DNK	DEU	ISL	AUT	CZE	FRA	CHL	NLD	POL	ESP	TUR	FIN	GRC	IRL	KOR	AUS	CAN	CHE	USA	JPN	MEX	NOR	SVK	BRA	ISR	HUN	ITA	LUX	SVN	PRT	SWE	GBR	EST	NZL	LVA	LTU	COL	CRI
2005	50,1576	74,9174	61,6383	84,4141	46,6887	19,0517			78,2598	30,4417	35,5086	7,6586	54,1405	21,7312	47,1845	92,7320776	60	64,3			57	9	64,0064	22,9744		48,91	22,1194	38,5781	64,578	48,2092	31,4582	72,5323	60,2317	36,7916		30,5178	15,7816		10,2020266
2006	53,9597	78,7298	67,1077	83,018	52,2965	29,2576	40,9815	19,7	80,2646	35,9382	38,0418		64,7309	23,1227	49,9535	93,9931853	64	68,1	70,49		61,5	10,13	68,7942	26,5808		54,58	31,9652	40,0125	70,1811	54,355	35,1534	77,3895	62,6411	45,1789	65	42,1979	34,5131		9,8094514
2007	60,164	78,0544	70,6745	83,697	59,613	35,1211	55,0458		82,8876	40,9788	43,4838	19,7112	68,7837	25,3974	57,2732	94,1327783	67	72,7	73,88	61,78	62,1	12	77,5907	46,1124		59,34	37,721	43,3851	74,5551	57,6123	39,6097	78,5459	66,7177	52,2022		50,5329	44,3623		11,81
2008	63,6276	81,8811	74,8754	87,7256	68,92	45,8625	62,2197		86,077	47,6019	49,855	25,4085	72,3805	30,9651	65,0467	94,2749157	72	74,6	77		63,9	13,5	83,9703	58,3367	17,6	61,82	46,6284	46,9802	80,0933	58,886	46,0427	84,441	71,1426	57,3505		52,808	50,5861	21,1449293	14,8219305
2009	67,4352	82,534	79,089	89,5903	69,7507	54,1836	68,8683	30	89,7034	58,592	52,9288	30,0259	77,776	38,0648	66,6659	95,5046613		77,8	79,44	68,69	67,1	18,35	85,564	62,2313	23,9	66,26	53,4194	53,4823	87,2017	63,9561	47,8804	85,9823	76,6928	61,8507	75	58,0234	60,0007	22,5013978	18,6504984
2010	72,7371	86,0884	82,4675	91,0358	72,8891	60,5179	73,6061		90,8921	63,4403	57,8286	41,6259	80,5376	46,3512	71,6895	96,8391042	78,92		80,74	71,06		22,19	89,7907	67,4821	27,1	68,1389663	58,4144	58,9711	90,2768	68,1288	53,7319	88,2959	79,6067	66,8903		59,7746	60,5782	26,0377417	24,0610192
2011	76,5078	90,0828	83,2548	92,3945	75,4407	66,6342	75,9151		93,6866	66,6376	62,7077		84,1589	50,1668	78,1195	97,2316795			83,28	71,7		23,27	92,2364	70,78	84,2	70,3028015	63,2174	61,5733	90,6208	72,3964	57,9895	90,6394	82,701	69,3965		65,6384	60,143	29,8151579	33,5811876
2012	77,7157	91,9976	85,4999	94,6001	79,2846	65,437	80,0043	60,5312753	93,9476	70,8444	66,5907	47,1976	86,7993	53,5807	81,0867	97,3497077	83		85,5	74,76		35,97	92,6922	75,4354	86,4	70,65	66,8127	62,9165	93,08	73,9578	61,0219	91,6917	86,756	73,8201	80	68,6762	60,1151	32,1381833	47,3245127
2013	80,0478	92,7355	87,747	96,4134	80,8626	72,6166	81,7192	61,6104274	94,6336	71,8862	69,7392	49,084	89,2364	56,3126	82,3855	98,1433982		83,9	89,82	74,15		30,7434595	94,2651	77,9076	43,3	70,6	69,6587	68,9144	94,4593	75,6004	62,3417	92,5985	88,4457	79,3099		71,5978	64,7305	35,6597885	46,7122056
2014	82,8041	93,1202	89,4781	96,482	80,9946	77,9899	82,9556	66,5038813	95,7808	74,7601	74,3549	60,126	89,8264	65,5507	82,1681	98,4869429	85,89		90,62			34,3927307	93,0669	78,352	49,6	72,07	73,062	72,6141	95,5568	76,8	64,8709	89,569	90,3364	82,8999		73,3818	65,9725	37,9809982	55,0470029
2015	81,825	91,74	90,2891		82,416	78,9753	82,6207	71,5580887	95,966	75,7829	78,7498	69,5445	89,9316	68,0909	84,6585	98,7834664				73,37		39,1777385	95,6041	79,4791	49,2	74,29	75,6375	75,3887	96,7802	77,6431	70,2348	91,0333	91,2516	87,729		75,9865	68,3521	41,8	60,1811826
2016	84,7857	94,3435	92,1352		85,0929	81,65	85,8736		96,6802	80,4457	81,9303	76,3445	91,949	69,1262	86,9145	99,1944833						47,0071211	97,0455	80,5191	49,3065217	75,37	79,3842	76,51	97,085	78,4212	74,0535	93,8018	93,4847	86,1886		77,3423	71,748		64,8416423
2017	85,9684	97,0007	92,8571	97,8642	88,7924	83,3251	86,4128		98,2309	81,8781	83,3862	80,7425	94,4197	70,9576	88,3699	99,5044504			93,0838				96,6549	81,3251			82,3511	81,0844	97,2252	81,7369	76,935	94,7273	93,9916	88,2653		78,6113	74,9551		

Source : OCDE

Table 2: L'accès à large bande

Table 2.1: Abonnements haut débit mobile sans fil

Country/Years	AUS	AUT	BEL	CAN	CZE	DNK	FIN	FRA	DEU	GRC	HUN	ISL	IRL	ITA	JPN	KOR	LUX	MEX	NLD	NZL	NOR	POL	PRT	SVK	ESP	SWE	CHE	TUR	GBR	USA	CHL	EST	ISR	SVN	COL	LVA	OECD
2009	12,952	21,305	5,698	0	3,533	29,62	17,045	27,078	0	12,376	6,13	30,318	37,956	19,562	73,965	86,731	22,531	0	0,003	4,169	66,313	42,734	21,55	15,342	35,529	70,001	35,24	3,419	32,075	46,885	3,542	1,673	53,793	0	9,541	18,276	32,305
2010	55,924	33,015	9,561	29,482	5,157	63,921	30,578	35,545	26,406	25,056	7,775	45,632	44,458	38,211	76,311	95,777	49,993	4,219	38,015	38,668	65,351	47,998	24,271	20,79	27,496	83,812	43,815	9,889	43,461	61,014	8,445	17,459	48,63	24,192	26,081	36,365	43,755
2011	91,592	46,003	18,959	38,395	38,155	83,506	65,883	42,492	35,628	30,565	17,197	57,942	58,72	44,916	81,935	102,124	63,881	12,45	52,519	66,254	62,763	49,673	27,7	32,352	64,53	97,357	50,7	19,89	53,579	77,593	17,966	42,306	51,526	29,019	35,731	40,921	55,746
2012	101,789	58,056	32,915	45,522	45,009	97,336	87,92	49,992	41,799	34,631	23,159	71,5	64,086	50,361	85,408	103,036	79,417	20,914	61,181	71,127	79,162	58,006	33,038	35,427	53,402	104,786	54,886	26,329	64,961	86,078	28,272	73,339	51,219	35,34	13,69	54,462	62,33
2013	112,783	64,479	51,507	51,682	53,288	102,264	112,888	55,437	54,786	36,601	26,476	75,997	67,525	60,808	111,978	103,33	86,063	29,236	64,208	84,993	84,344	54,532	37,272	50,428	67,326	109,964	70,471	31,902	74,374	94,076	35,656	90,67	50,521	40,257	22,784	74,297	71,972
2014	114,218	67,056	57,723	54,242	68,073	109,632	129,055	64,794	64,922	41,496	34,267	86,806	82,081	71,648	124,144	106,599	84,184	42,58	68,997	97,948	87,997	55,282	49,052	59,91	78,055	115,552	96,376	42,236	82,146	104,723	49,902	114,154	49,805	46,968	37,419	73,415	81,601
2015	113,883	68,073	66,417	61,421	73,609	118,481	135,421	73,907	71,665	46,774	40,086	95,219	96,779	82,702	138,825	107,794	83,876	52,825	76,589	108,023	99,309	61,549	53,308	67,973	84,071	120,52	99,198	50,442	90,325	116,746	55,736	110,093	50,138	50,869	43,03	80,06	90,726

Source : OCDE

Table 2.2: Abonnements haut débit fixe

Country/Years	AUS	AUT	BEL	CAN	CZE	DNK	FIN	FRA	DEU	GRC	HUN	ISL	IRL	ITA	JPN	KOR	LUX	MEX	NLD	NZL	NOR	POL	PRT	SVK	ESP	SWE	CHE	TUR	GBR	USA	CHL	EST	ISR	SVN	OECD
2009	23,813	21,499	29,044	30,599	19,407	36,597	29,332	30,562	31,084	17,256	18,76	33,539	21,188	20,278	24,723	33,241	29,185	8,386	37,033	23,82	34,586	14,578	18,295	14,306	21,235	31,661	35,744	8,864	29,481	26,036	9,775	25,368	23,473	21,626	23,326
2010	24,827	23,187	30,995	31,81	21,507	38,045	29,067	32,681	32,387	20,255	20,578	34,342	22,369	21,826	26,572	34,799	30,718	9,852	38,099	25,845	35,25	15,997	20,274	16,15	23,163	31,957	37,883	9,744	31,25	27,282	10,465	26,092	23,856	22,966	24,782
2011	24,948	24,456	32,281	32,838	23,782	38,478	30,399	34,822	33,917	22,191	21,975	34,978	23,394	22,507	27,279	35,878	31,501	10,625	38,926	27,556	36,051	17,154	21,342	17,656	24,361	32,003	40,058	10,266	32,753	28,291	11,648	27,348	24,204	24,083	25,81
2012	25,61	25,218	33,4	33,621	25,277	38,959	31,16	36,557	34,728	24,35	22,994	35,364	24,227	22,664	27,677	36,502	32,107	11,172	39,721	29,556	36,916	18,256	22,772	19,339	24,506	32,25	42,25	10,506	34,286	29,416	12,414	26,374	24,699	24,764	26,644
2013	26,356	26,308	34,479	34,386	26,662	40,495	31,623	37,836	35,493	26,568	24,271	36,282	25,842	22,912	28,099	37,311	32,514	10,532	40,44	30,67	37,613	17,987	24,557	20,489	26,14	32,78	45,147	11,077	35,577	30,309	13,011	27,33	25,124	25,471	27,333
2014	27,621	27,554	35,952	35,362	28,75	41,498	32,163	39,221	36,517	28,975	26,155	36,628	27,277	23,603	28,775	38,075	33,602	10,88	40,627	31,355	38,488	17,989	27,476	21,984	27,621	33,838	47,595	11,572	36,735	30,645	13,959	28,196	25,292	26,727	28,072
2015	28,102	28,488	36,756	36,323	28,175	42,404	31,556	40,401	37,637	31,673	27,632	37,662	28,208	24,692	29,663	39,561	35,203	12,196	41,289	31,879	39,444	18,624	30,336	23,492	29,171	35,69	49,742	12,272	37,886	31,773	15,071	29,249	25,94	27,333	29,16

Table 2.3: L'utilisation professionnelle de l'accès à large bande

Country/Years	ESP	SWE	IRL	NOR	AUT	FRA	LUX	PRT	HUN	CZE	EST	ISL	DEU	NLD	GBR	POL	SVN	SVK	TUR	ITA
2004				58,6585899	55,1508496													24,448672		
2005				75,9919493	61,4661084								61,2353512			42,5719628	74,4245524	46,2328196		
2006				84,0026766	69,8105174					69,4212595	75,3234609		72,5127296			46,7174446	75,1428571	59,8855464		
2007				83,87151	73,3592086				66,9761011	76,9605522	78,0577116		78,3154268			53,6240346		74,4928831		
2008				84,3592252	76,93522				70,3659132	79,3277519	87,5333652		83,4575383			59,1219091		73,7248603		
2009	93,0359558	88,2989192	76,1060167	88,2820558	76,0060849	91,6773446	88,0339383	81,7049643	74,1931813	77,3099472	86,081054		87,8958623	86,3837109	84,9411572	58,4674744		78,3666304		82,9227478
2010	95,4386716	91,4051806	86,8352843	86,9185705	82,0584534	93,3116429	87,9118928	84,7482757	79,608631	86,5242377	88,0794265	95,4315481	89,3420922	90,9315497	88,025484	69,3426006		78,3204407	88,8636022	84,1231653

Source : OCDE

Table 2.4: Les ménages avec accès à large bande

Country/Years	JPN	NOR	SVK	AUT	CZE	FRA	IRL	KOR	FIN	DNK	ISL	DEU	AUS	USA	CAN	CHE	EST	PRT	GBR	BEL	SWE	HUN	LUX	SVN	ITA	NLD	ESP	POL	TUR
2000								30,2723059						4,4															
2001								56,4202698						9,1	21,6														
2002	16,6							67,9561246							29,3														
2003	31,1	22,8939833		10,2853375	1,47637795		0,61617659	66,0112066	12,3714466	25,072395		9,33150749		19,9	35,5	11,4		7,87238656	10,6937222				7,36401767			19,9657383			
2004	40,4	30,0134806	3,5518686	15,9234941	4,45052299		2,89008455	85,7382452	21,2871741	35,8149618	45,4378445	18,0065291	16,3		44,1		20,3119646	12,2993585	15,8172033			5,79581077	16,2677132	10,1960821		31,2780994	15,0454376	8,27536921	0,22919769
2005	42,1	41,4356176	7,11642651	23,140362	5,06132417		7,39159055	90,7781082	36,0882757	51,1789832	63,4669774	23,2447672	28,3		50,1		29,766287	19,7211663	31,5439373	40,5603876	40,1798209	10,9393398	33,4079041	19,4202198	12,9498666	53,8705064	20,7540765	15,5867928	1,73224437
2006	40,7	57,0696472	11,4169477	33,1169757	16,5826668	30,2602945	13,0666509	93,9931853	52,8618913	63,252658	72,0759003	33,5356676	43		57,9	52,7863	36,6152819	24,0068397	43,9226657	48,0499229	51,0101926	22,0105722	44,0872861	33,56193	16,2239315	66,1660413	29,2970956	21,6420496	
2007	51,7	66,7167587	26,5023139	46,1463317	28,0623979	42,9018566	31,2157973	94,1327783	62,8781711	69,5314763	76,0990016	49,5663916	52	50,8	64,2	63,0007	47,5625649	30,4211433	56,7482817	56,3885623	66,6175617	32,9511515	57,7708036	43,6455779	25,2983006	73,7695164	39,2285005	29,5568787	16,5457443
2008	58,5	72,9764737	35,3299865	54,4968865	36,40498	57,0996663	42,9402509	94,2655024	66,1443839	74,0712835	83,2487808	54,8585488	62		66,9	70,82	54,4271892	39,3449326	61,5147156	60,3154635	70,6514538	42,2957073	61,0075998	49,7196083	30,787998	73,97093	44,6202498	37,9491271	22,0250549
2009	63,4	77,7683386	41,7273755	57,8027426	48,8913646	57,4889098	53,7193132	95,9048613	73,7381521	76,0467033	86,7288862	64,584887		63,5	72,2		61,9813813	46,1581345	69,4670216	63,3981918	79,4893485	50,9424504	71,0810413	56,1491282	39,0042026	76,9742018	51,3405835	51,1428146	26,2320882
2010	63,4	82,5727048	49,351182	63,7001924	53,6004102	66,8382161	57,519084	97,4735835	75,8023871	80,1021219	86,9647169	75,201315		68,24			64,4506465	50,316408		69,9525382	82,5622846	52,2095484	70,3293683	62,0208367	48,8642015	79,5110884	57,3617488	56,8012103	33,6883661

Source : OCDE

© 2018 Global Journals

This page is intentionally left blank

© 2018 Global Journals

Global Journal of Management and Business Research: B
Economics and Commerce
Volume 18 Issue 4 Version 1.0 Year 2018
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

Topical Review of Hidden Hunger and Poverty Profile in Nigeria: Case Study of Kwara State (Province) and Suggested Agricultural and Economic Solutions

By Uche C. & Familusi L. C
University of Port Harcourt

Abstract- Hidden hunger is the inadequate access to micronutrients that are necessary for a healthy and functional body. This is a form of hunger that is not very visible and much more than an empty stomach. Micronutrients are essential vitamins and minerals that we need in small quantities for effective growth and development of the body. Micronutrient deficiencies are caused by poor diet and inadequate micronutrient supply during certain stages in life. The study considered the micronutrient status of a province of Nigerian, the effects of its deficiency and the agricultural and economic solutions. Being a review research, secondary data were used where necessary. The study showed that Nigerians and the province in particular are very hungry with significant evidences of hidden hunger. Agricultural solutions were recommended through biofortification of crops and external economic interventions to assist the people produce their own foods and access them where necessary.

Keywords: *hidden hunger, agriculture, economic, solution.*

GJMBR-B Classification: *JEL Code: P46*

TOPICALREVIEWOFHIDDENHUNGERANDPOVERTYPROFILEINNIGERIACASESTUDYOFKWARASTATEPROVINCEANDSUGGESTEDAGRICULTURALANDECONOMICSOLUTIONS

Strictly as per the compliance and regulations of:

Open Association of Research Society, USA
Research | Diversity | Ethics

© 2018. Uche C. & Familusi L. C. This is a research/review paper, distributed under the terms of the Creative Commons Attribution-Noncommercial 3.0 Unported License http://creativecommons.org/licenses/by-nc/3.0/), permitting all non-commercial use, distribution, and reproduction in any medium, provided the original work is properly cited.

Topical Review of Hidden Hunger and Poverty Profile in Nigeria: Case Study of Kwara State (Province) and Suggested Agricultural and Economic Solutions

Uche C. [α] & Familusi L. C [σ]

Abstract- Hidden hunger is the inadequate access to micronutrients that are necessary for a healthy and functional body. This is a form of hunger that is not very visible and much more than an empty stomach. Micronutrients are essential vitamins and minerals that we need in small quantities for effective growth and development of the body. Micronutrient deficiencies are caused by poor diet and inadequate micronutrient supply during certain stages in life. The study considered the micronutrient status of a province of Nigerian, the effects of its deficiency and the agricultural and economic solutions. Being a review research, secondary data were used where necessary. The study showed that Nigerians and the province in particular are very hungry with significant evidences of hidden hunger. Agricultural solutions were recommended through biofortification of crops and external economic interventions to assist the people produce their own foods and access them where necessary.

Keywords: hidden hunger, agriculture, economic, solution.

I. Introduction

Hunger, as defined by Ogundipe et al (2016) is food deprivation. Nutrient deficiency in the food is called hidden hunger. Somebody may have his or her belly full and yet suffer food deprivation because of nutrient deficiency. Hidden hunger is undernutrition that occurs when the intake and absorption of vitamins and minerals are very low to maintain good health and development. Micronutrient deficiencies are caused by poor diet, inadequate micronutrient supply during certain stages in life, such as pregnancy and lactation etc (Gautam, 2016). Inadequate micronutrient intake, a form of hunger that is not very visible is affecting many people. Hunger is much more than an empty stomach. The Nation (2015) citing Essiet (a blogger) described Hidden hunger as the lack of access to micronutrients that are critical for proper physical and cognitive development.

Micronutrients are essential vitamins and minerals that we need in small quantities for effective growth and development of the body (UNICEF, 2003). Deficiency of micronutrient (hidden hunger) results when essential vitamins and/or minerals are inadequate in the diet. If not checked, micronutrient deficiencies can cause irreversible damages. (Kuku-Shittu et al, 2016). Inadequate intake of vitamins and minerals like vitamin A, iodine and iron are the main causes of hidden hunger and malnutrition in the world today (UNICEF, 2003). Eliminating vitamin and mineral deficiency in our diets will enhancement for Africa's health and help in the quest to achieve the Millennium Development Goal of eliminating, hunger, improving on maternal health, and reducing child deaths by two-thirds(Thomas et al, 2004).

Hidden hunger does not produce the pangs of hunger as we know it. You may not feel it in your belly; however it strikes the very core of your health and poses a widespread and devastating threat to wellness and human dignity especially in developing countries (Gautam, 2016). According to Pinstrup-Anderson (2007) in Gautam (2016), the malnutrition burden facing the world is rising and becoming complex. This is because developing countries are embracing highly processed, energy-dense, micronutrient-poor foods and drinks instead of maintaining their traditional diets that are based on minimal processing. This has resulted to obesity and diet-related chronic diseases. In consequence, many developing countries now face malnutrition (undernourishment, micronutrient deficiencies). Even an obese child can suffer from hidden hunger.

According to Mason & Beda-Andourou et al. (2005) in Kuku-Shittu et al, (2016), being vital components of good food, the deficiency of micronutrients in human diet is responsible for several health problems. A significant number of human population suffers from micronutrient deficiency and a threat in many African countries afflicting one-third of the population south of the Sahara and about 20 percent of children under five years of age suffer vitamin A deficiency in many countries in the region. The report indicated that micronutrient deficiency indices in Nigeria show that 28 percent of children under five suffer from iron deficiency anemia (IDA), 29.5 percent from vitamin A deficiency (VAD), and 29.6 percent from iodine deficiency (Maziya-Dixon et al. 2004 in Kuku-Shittu et al, 2016).

Author α σ: University of Port Harcourt, Rivers State, Nigeria.
e-mail: chimauche77790@yahoo.com

© 2018 Global Journals

According to Ogundipe et al (2016) the Global Hunger Index showed that Nigeria was seriously hungry in 2015. This implies serious undernourishment which led to child stunting, child wasting, and child mortality and; the Report of the International Food Policy Research Institute (IFPRI) in 2015 showed that 7 per cent of the Nigerian population is undernourished and wasting and stunting in children below five years of age was 18 per cent and 36.4 per cent respectively. Nigeria has made efforts towards easing hidden hunger especially in children and women, nevertheless millions still are on the brink of survival. Kuku-Shittu et al, (2016) citing NPC/ORC Macro (2004), Maziya-Dixon et al. (2004), NDHS (2008), NPC/ICF Macro (2009), NDHS (2013) stated that many studies showed significant variations in malnutrition across rural, urban, geopolitical zones and agro-ecologies in Nigeria. Data however generally confirmed high child undernutrition pointing to Nigeria been far from the recommended targets; hunger and malnutrition are pervasive in the country. The prevalence of undrnutrition tends to be mainly concentrated in rural areas and among the landless, pastoralists, smallholders, and hired agricultural workers (Southgate et al. 2007; AU/NEPAD 2007 in Kuku-Shittu et al, 2016).

II. The Impact of Hidden Hunger in Kwara State (Province), Nigeria

Micronutrient deficiency is one of the prominent hindrances to human development and survival as noted by the West African Health Organization (WAHO) (Thomas et al, 2004). The Nation (2015) observed that among the many required micronutrients, the human body needs iron to build blood cells; vitamin A to aid body immunity and vision; iodine for thyroid gland function and cognitive development. These micronutrients that the body needs to survive and function optimally are of much significance.

Black et al. (2013) and Black et al (2008) in Gautam (2016) noted that micronutrient deficiency causes an estimate of 1.1 million of 3.1 million child deaths each year as a result of undernutrition. Vitamin A and zinc deficiencies seriously affect the health of children and their survival by weakening the body immunity. Zinc deficiency will impair growth in children. Iodine and iron deficiencies can induce mental developmental retardation in children (Allen, 2001 in Gautam, 2016). Hidden hunger will hinder children from the optimum development of full physical, mental and social abilities. Kuku-Shittu et al (2016) citing FAO (2013) stated that over 14 percent of developing countries were undernourished between 2011 and 2013. This will result in many physical limitations, morbidity, and mortality. Deficiencies in nutrition is sometimes linked to poverty, low levels of educational attainment and limited access to health services and these are associated with developing countries like Nigeria according to the reported.

Kuku-Shittu et al (2014) in a study in Kwara State alone produced the values in the tables below: 77.8% of children were diagnosed to be wasting, 25.4% stunting and 55.6% under weight. Little wonder Nigerians were described as been seriously hungry with the attendant nutritional deficiency. However, the report noted that reasonable variations exist in the rate of child malnutrition across the geopolitical zones, and agro-ecological bands in Nigeria. Malnutrition rates (consequently micronutrient deficiency) are higher in rural households than in urban ones. The team conducted the study to prove that malnutrition (and consequently micronutrient deficiency) in Nigeria is a significant health challenge among the population.

Table 1: Anthropometric Status of Children Aged 0 to 59 months, by Age Groups (by Kuku-Shittu et al, 2016) → statistics of wasting children in Kwara State

Variables	0-11 months n (percent)	12-23 months n (percent)	24-35 months n (percent)	36-47 months n (percent)	48-59 months n (percent)	Total n (percent)
WHZ (Wasting)	72 (72.0)	102 (77.3)	79 (73.8)	62 (83.8)	46 (90.2)	361 (77.8)
Mild	9 (9.0)	13 (9.8)	17 (15.9)	9 (12.2)	2 (3.9)	50 (10.8)
Moderate	6 (6.0)	10 (7.6)	3 (2.8)	3 (4.0)	3 (5.9)	25 (5.4)
Severe	13 (13.0)	7 (5.3)	8 (7.5)	0 (0.0)	0 (0.0)	28 (6.0)
Total	100 (100.0)	132 (100.0)	107 (100.0)	74 (100.0)	51 (100.0)	464 (100.0)

Source: Kuku-Shittu et al (2016)

Table 2: Anthropometric Status of Children Aged 0 to 59 months, by Age Groups (by Kuku-Shittu et al, 2016) → statistics of children with stunted growth in Kwara State

Variables	0–11 months n (percent)	12–23 months n (percent)	24–35 months n (percent)	36–47 months n (percent)	48–59 months n (percent)	Total n (percent)
HAZ (Stunting)	37 (35.6)	36 (27.3)	25 (22.1)	13 (17.1)	10 (19.6)	121 (25.4)
Mild	14 (13.5)	25 (18.9)	21 (18.6)	16 (21.0)	10 (19.6)	86 (18.1)
Moderate	17 (16.3)	23 (17.4)	31 (27.4)	13 (17.1)	11 (21.6)	95 (20.0)
Severe	36 (34.6)	48 (36.4)	36 (31.9)	34 (44.7)	20 (39.2)	174 (36.5)
Total	104 (100.0)	132 (100.0)	113 (100.0)	76 (100.0)	51 (100.0)	476 (100.0)

Source: Kuku-Shittu et al (2016)

© 2018 Global Journals

Table 3: Anthropometric Status of Children Aged 0 to 59 months, by Age Groups (by Kuku-Shittu et al, 2016) →statistics of underweight children in Kwara State

Variables	0–11 months n (percent)	12–23 months n (percent)	24–35 months n (percent)	36–47 months n (percent)	48–59 months n (percent)	Total n (percent)
WAZ (Underweight)	58 (54.7)	75 (56.8)	61 (54.0)	40 (52.6)	32 (62.7)	266 (55.6)
Mild	24 (22.6)	30 (22.7)	26 (23.0)	17 (22.4)	14 (27.4)	111 (23.2)
Moderate	10 (9.4)	6 (4.5)	15 (13.3)	14 (18.4)	3 (5.9)	48 (10.0)
Severe	14 (13.2)	21 (15.9)	11 (9.7)	5 (6.6)	2(3.9)	53 (11.1)
Total	106 (100.0)	132 (100.0)	113 (100.0)	76 (100.0)	51 (100.0)	478 (100.0)

Source: Kuku-Shittu et al (2016)

Kuku-Shittu et al (2016) making reference to Maziya-Dixon et al. (2004) noted that available data from 2001-2003 Food Consumption and Nutrition study showed that 42 percent of Nigerian children under five years had stunted growth, 25 percent were underweight, and 9 percent wasted. The data suggests inadequate micronutrient intake: contemporary realities suggest the figures have not changed, may even be worse. The same study also reported that data from the 2013 Nigeria Demographic Health Survey (NDHS) supported the previous findings of the Nigeria Food Consumption and Nutrition Survey (NFCNS) of 2001-2003, but however noted that no change occurred in the anthropometric measures of children under 5years over a period of ten years. This statistics has not significantly changed even today.

III. The Agricultural Solution to Hidden Hunger

While the farmers are addressing hunger in terms of quantity of food, nutritionists and the farmers have noted that not much have been done in using agriculture as a means to address micronutrient deficiency in food quality (The nation, 2015). Food fortification may be seen as an option especially for urban dwellers that may be privileged to buy many commercially fortified foods, such a consideration may not be very feasible for rural dwellers who may not have adequate access to commercially fortified foods (Saltzman and Birol, 2014).

Gautam (2016), citing Bouis (2000) and, Kennedy and Bouis (1993) stated that researches over the years focused on increasing the productivity of crops to reduce malnutrition. However, the study posited that the production of high yielding crops may have otherwise impacted nutrition. The increase in the output of high carbohydrate crops reduced the prices of these less nutritious foods relative to the prices of more micronutrient-dense ones like the vegetables and pulses. While high carbohydrate foods became cheap, the prices of non-starchy nutrient rich ones rose. This made micronutrient rich foods less appealing to the poor. Diets that are not rich in nutrients were in their study reported to be a common source of hidden hunger. Diets that are based on crops like maize, wheat, rice, and cassava that provide a significant share of energy are low in essential vitamins and minerals; this frequently results in hidden hunger.

To benefit urban and rural dwellers alike, biofortification of all food crops seem to be a good option. According to Qaim (2007), Bouis et al. (2011) and Saltzman et al.(2013) in Kuku-Shittu et al (2016), a veritable solution to micronutrient deficiency in foods is biofortification. This is the breeding of staple food crops that contain high amounts of micronutrient. The researchers opined that it is a cost-effective and sustainable strategy in the quest to reducing micronutrient deficiency in developing countries where a majority of the diets of many low income earners consist of staple (carbohydrate) foods and who cannot access food supplements and marketed fortified foods. Biofortification uses the crops to deliver more micronutrients into foods. This is accomplished through plant breeders. More than one million farmers presently are growing biofortified crops such as vitamin A orange, sweet potato, vitamin A maize, vitamin A cassava, iron beans, iron pearl millet, zinc rice, and zinc wheat in many developing countries of Africa, Asia, Latin America and, the Caribbeans (Saltzman and Birol, 2014). Though biofortified foods may not contain a high level of minerals and vitamins when compared to fortified foods, they are important in efforts to close the gap of micronutrient deficiencies in the food menu. Gautam (2016) agrees with this opinion and states that it is the best response to clinical deficiencies.

IV. The Economic Effects and Solutions to Hidden Hunger

Micronutrient deficiency is a health problem in many developing countries which has negative impacts on income growth, however, the economic cost varies (Stein and Qaim, 2007). What people eat depends on the economy, the relative prices of food, cultural preferences, peer pressure, geographical, environmental, and seasonal factors among others. Those under the pangs of hidden hunger in developing countries may not be able to afford or access the various varieties of nutrient dense foods such as animal-source foods, fruits, or vegetables for economic reasons (Gautam, 2016). Sadly then, economic factors are to blame to some extent in issues of hidden hunger and perhaps the most offensive in third world nations. Now

© 2018 Global Journals

that Nigeria is experiencing economic recession, something urgent must be done to save Nigerians from exacerbated micronutrient deficiency and its consequences.

When there are inadequacies in nutritional needs, the effects can be remarkable on the development of a child, the health and learning abilities. Improving on the nutritional status of adults on the other hand also has some benefits. Studies have shown a connection between productivity and earnings of adult workers and nutritional status. Sick or weakened workers are less likely to be employed than healthy ones. Good nutrition also has significant effect on labour productivity than the level of formal education. Good nutrition and basic education jointly are important for labour productivity. Improved productivity expands the economy, increases incomes and raises consumption, positively impacting the economy (Morris, 2004). Thomas et al (2004) also viewed nutrient inadequacies as a major cause of child and infant mortality in Africa while older children struggle with minds that are weakened by inadequacies in these vital essential nutrients thus, limiting productivity and economic development.

Stein and Quaim (2007) reported that attempts have been made in the past to value the human and economic costs of hidden hunger and, by World Bank estimate, the combined economic costs of deficiencies in iron, iodine and vitamin A in developing countries could amount to as much as 5% of gross domestic product (GDP). They posited that the global burden of disease caused by Iron, iodine and vitamin A deficiencies amounted to about 2.4% of the disease burden of developing countries. Sadly, the same study informed that the estimate of World Health Organization (WHO) was even four times higher (9% to 10%) and informed that the Micronutrient Initiative on National Damage Assessment Reports stated that in 80 countries where micronutrient deficiencies were noted, an average estimate of 1% of the GDP was lost to iron, iodine, vitamin A and folate deficiencies with a median loss across the countries put at 0.8%. Ignorantly, hidden hunger is taking a huge toll on the Nigerian economy since the country has been described as seriously hungry.

The statistics rolled out above may be objects of debate. However, the modus operandi of the study seem convincing enough. Stein and Qaim (2007) convincingly posted that the approaches used in accessing the economic cost of micronutrient deficiencies were cost-of-illness (Col), a method that captured the economic costs of loss in labour productivity and calculations on disability-adjusted life years (DALYs) that captured the losses in welfare and on the human costs in terms of the burden of disease. Stein (2013), Stein et al (2007) and Darnton-Hill et al (2005) in Gautam (2016) panoramically captured the grim effects of micronutrient deficiencies. The study/ research reported that vitamin and mineral deficiencies inflicts significantly a heavy burden on the affected individuals or society both in health costs, losses in human capital and reduction in economic productivity, stating that hidden hunger limits physical growth, learning, productivity and perpetuates poverty and the affected individuals or society may never realize their economic potential because of constrained socioeconomic development. From the poverty profile of Nigeria in the table below as relayed by the Central bank of Nigeria and released by the National bureau of Statistics covering 2004, 2010 and 2011 absolute poverty of 61.9% in 2011 is worrisome. The picture may not have improved in this recession. This poverty status may not guarantee easy access to good nutrition by the concerned individuals.

Table 4: Nigeria's Poverty Profile

Variables	2004	2010	2011
Estimated Population (Million)	126.3	163	168
Relative Poverty (%)	54.4	69	71.5
Absolute Poverty (%)	54.7	60.9	61.9
Dollar Per Day (%)	62.8	61.2	62.8

Source: NBS Nigeria Poverty Profile 2010 Report; 2011 figures are estimates (as reported by CBN, 2011)

Hidden hunger also has many other hidden economic effects that may not be very apparent at a glance. It saps the energy of the labour force with billions of dollars as losses in productivity in developing countries (Thomas et al, 2004). There are however viable economic solutions to this scenario. Cunningham (2016) stated that the developing countries where food insecurity and nutritional inadequacies are prevalent can be assisted with incentives by wealthy ones or organizations to raise food production themselves. This she opined the World Bank can do by providing grants to poor countries to upgrade their agriculture and food supplies, a gesture wealthy countries have also keyed into by providing food and monetary aids to poor ones through debt relief and other measures so that they can produce their own food. Poverty is an inhibitor to social and economic progress. Its reduction coupled with viable government policies will boost agriculture especially in developing countries.

In different parts of the country enough food to go round and mitigate nutritional deficiencies seems to be produced. However, poor distribution network have

© 2018 Global Journals

hindered progress. All the geopolitical zones of Nigeria have at least a major crop (cereals, pulses, fruits and vegetables) it produces with a comparative advantage. According to Olaniyi (2011) there is enough food for everybody, the problem is distribution. He noted that if food is distributed according to human nutritional needs, food supply could support up to 120 per cent of the world's present population. In the third world countries, massive infrastructural development is a must in this perspective to ease the challenges caused by poor infrastructure.

Uche (2016) citing EARRNET (2006), stated that rural infrastructure such as roads, markets, water supply, health and other ancillary facilities are basic to quality life and also critical in agricultural development strategy. Rural roads are fundamental for agricultural development. El-Wahab (2005) reporting on the state of some rural roads in Nigeria stated that distribution of agricultural produce is disadvantaged by rudimentary rural roads system that are mostly unpaved, making access to the farms difficult for time sensitive products that are perishable. The transport system in most rural areas is inadequate and existing road networks are in poor state of repairs requiring substantial rehabilitation. These distribution inadequacies must be resolved.

Inadequate living wage must be addressed as the need arises. The amount a household earns will affect its food security and intake of micronutrients since it is a determinant of the amount of food accessed by reason of its effects on purchases. The poorer a family is, the more difficult it is to access nutritive foods as they comparatively are costlier for them to purchase.

V. Conclusion

It may not be easy eliminating hidden hunger, serious challenges lie ahead. All that may be needed is the injection of enough resources into the production of nutrient dense foods and the right government policies to support it. Also, the economic features of Nigerians need to be upgraded through viable government policies to help them access the nutrient-rich foods they need to combat poor health and reach their development potentials. Finally, the agricultural sector needs to embrace biofortification to make nutrient dense foods available and accessible to both the rich and the poor equally.

References Références Referencias

1. Central Bank of Nigeria (2011). Real Sector Developments. Central Bank of Nigeria Annual Report of 2011.
2. Cunningham, M. (2016) what is Food Insecurity? - Definition, Impact & Prevention Efforts. Environment & Humanity: Study Guide & Test Prep.
3. Eastern African Root Research Network (EARRNET) (2006). The cassava sub-sector analysis. EARRNET Newsletter. 2006.
4. E1-Wahab, S (2005). Key findings of the Nigeria Value Chain Analysis and Implication for a Growth strategy. World Bank Group. African region, Private Sector Unit. Number 15. September 2005.
5. Gautam, K. C. (2016). Addressing the Challenge of Hidden Hunger. Addressing the Challenge of hidden hunger.htm. A UNICEF documentary.
6. Kuku-Shittu, O., Onabanjo, O., Fadare, O. and Oyeyemi, O. (2016). Child malnutrition in Nigeria: Evidence from Kwara state. International Food policy Research Institute working paper 3.
7. Morris, J. T. (2004). The Economic Impact of Hunger. United Nations World Food Programme. United Nations.
8. Ogundipe, S., Obinna, C and Olawale, G. (2016). Hunger: Bleak future looms. Vanguard Newspapers, September 6, 2016.
9. Olaniyi, E (2011). Food Insecurity: Implications for Nigeria and the World At Large. Department of Economics University of Lagos, 2011.
10. Saltzman, A. and Birol, E. (2014). Solutions to hidden hunger. International Food Policy Research Institute, Washington, DC 20005 USA.
11. Stein, A. J. and Qaim, M. (2013). The human and economic cost of hidden hunger. Food and Nutrition Bulletin, 28(2), the United Nations University.
12. The Nations newspapers (2014). Tackling hidden hunger with orange flesh sweet potato. October, 2015. The Nations Newspaper, Nigeria.
13. Thomas, L., Mills, B., Sewell, J., and Hajaj, C. (2004). Africa fighting back against "hidden hunger" in children. UNICEF.Org. press release.
14. Uche, C (2016). Economic analysis of cassava processing in Rivers State, Nigeria. Athesis (unpublished).
15. UNICEF (2003). Micronutrients and Hidden hunger. UNICEF, Dominican Republic.

© 2018 Global Journals

This page is intentionally left blank

© 2018 Global Journals

Global Journal of Management and Business Research: B
Economics and Commerce
Volume 18 Issue 4 Version 1.0 Year 2018
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

Impact of Psychological Biases on the Performance of UCITS before and after the Tunisian Revolution

By Zouaoui Marwa & Bellouma Meryem
The Higher Institute of Management of Tunis

Abstract- The aim of this paper is twofold. First, it proposes to determine the irrational behavior of Undertakings for Collective Investment in Transferable Securities (UCITS henceforth) by looking into psychological biases. Second, it proposes to study the impact of these psychological biases on the performance of Tunisian UCITS during the February 2005 to December 2015 period. To this end, we used two methods; qualitative and quantitative methods.

Through a questionnaire, the results indicate that 35% of the managers of UCITS in Tunisia are not rational. Their decision-making is often influenced by the following biases: herding, fear, heuristics and anchoring. The results also indicate that this irrational behavior did not significantly change after the Tunisian revolution. Accordingly, in order to measure the effect of these biases on performance, we developed a composite model that groups together the studied psychological biases. We found that despite the moderate presence of these psychological biases, they tend to explain the performance of Tunisian UCITS, only before the revolution. Some of these biases, like regret aversion, positively affect performance. Other biases, like herding, anchoring, disposition effect and loss aversion, negatively affect UCITS performance.

Keywords: *behavioral determinants, prospect theory, asset pricing, political crisis, survey methods.*

GJMBR-B Classification: *JEL Code: G410, G120, D720, C830*



Strictly as per the compliance and regulations of:

© 2018. Zouaoui Marwa & Bellouma Meryem. This is a research/review paper, distributed under the terms of the Creative Commons Attribution-Noncommercial 3.0 Unported License http://creativecommons.org/licenses/by-nc/3.0/), permitting all non-commercial use, distribution, and reproduction in any medium, provided the original work is properly cited.

Impact of Psychological Biases on the Performance of UCITS before and after the Tunisian Revolution

Zouaoui Marwa [α] & Bellouma Meryem [σ]

Abstract- The aim of this paper is twofold. First, it proposes to determine the irrational behavior of Undertakings for Collective Investment in Transferable Securities (UCITS henceforth) by looking into psychological biases. Second, it proposes to study the impact of these psychological biases on the performance of Tunisian UCITS during the February 2005 to December 2015 period. To this end, we used two methods; qualitative and quantitative methods.

Through a questionnaire, the results indicate that 35% of the managers of UCITS in Tunisia are not rational. Their decision-making is often influenced by the following biases: herding, fear, heuristics and anchoring. The results also indicate that this irrational behavior did not significantly change after the Tunisian revolution. Accordingly, in order to measure the effect of these biases on performance, we developed a composite model that groups together the studied psychological biases. We found that despite the moderate presence of these psychological biases, they tend to explain the performance of Tunisian UCITS, only before the revolution. Some of these biases, like regret aversion, positively affect performance. Other biases, like herding, anchoring, disposition effect and loss aversion, negatively affect UCITS performance.

Keywords: behavioral determinants, prospect theory, asset pricing, political crisis, survey methods.

I. Introduction

Behavioral finance is the study of how psychology affects the behavior of financial agents and markets. It assumes that investors are often irrational and that their demand for risky financial assets is affected by their feelings, beliefs or emotions. Such a behavior is subject to error of judgment, known as heuristics (anchoring, overconfidence), herding behavior and loss and regret aversion. These latter tend to compromise their decision-making.

In recent years, we have documented a significant shift to this new form of finance and an enthusiasm for the inefficient markets hypothesis. This latter is a response to two main factors; the increasing observance of anomalies in financial markets and the birth of perspective theory, developed by Kahneman and Tversky (1979).

Author α: GEF2A Lab, The Higher Institute of Management of Tunis, Tunisia. e-mail: marwazoua@gmail.com
Author σ: GEF2A Lab, Faculty of Economics and Management of Nabeul, Tunisia. e-mail: mbellouma@yahoo.fr

Indeed, since the 1980s, anomalies have been observed in markets, undermining thus the efficient markets hypothesis. With the 2000s crisis and more recently the Subprime crisis, research in finance began to look deeper into this issue. The psychology of market agents in particular has become an exciting topic in the literature because these crises have intensified volatility, destabilized financial markets and increased the fragility of the financial system.

Research in behavioral finance has therefore questioned the assumption of investor rationality and that of market informational efficiency. These latter are considered to be the fundamentals of behavioral finance. Psychological bias may explain these market anomalies.

Accordingly, in this paper we focus first on determining the psychological biases of institutional investors, like herding, overconfidence, anchoring, loss and regret aversion and in particular their effect on UCITS in Tunisia. The purpose of this paper is to determine whether or not managers of UCITS act rationally.

Previously, several studies focused on psychological biases to examine different market scenarios like financial or political crises (Bilson et al., 2002, Dimic et al., 2015). In Tunisia, most studies focused on the effect of socio-political crises on stock market behavior (such as volatility: Mnif, 2017), and on investors' psychological biases (Ben Mrad and Chaouachi, 2013). Then, our second aim is to study persistence of different behavioral biases in time, i.e. before and after the Tunisian revolution. In other words, we try to determine whether political instability has had an effect on the psychological behavior of UCITS' managers. We believe that this study adds to the relevant literature. First, it aims at concluding to market management efficiency in Tunisia, as these biases are considered by some authors to be one of the causes of financial markets inefficiency (Kremer and Nautz, 2013). Second, it aims to shed more light on the relationship between political instability and behavior of stock market agents.

This paper is then structured as follows. Section 2 reviews the theoretical and empirical foundations of psychological biases of UCITS, as well as the sources and reasons behind these psychological biases. Section

© 2018 Global Journals

3 describes the data and methodology. Section 4 presents the results. Finally, section 5 concludes about psychological behavior of UCITS in the Tunis financial market before and after the 2011Tunisian revolution.

II. Previous Studies on Psychological Biases

Professional fund managers base their investment decisions on information to select higher stocks, yet sometimes they may be psychologically biased. Such a bias leads them to make cognitive errors. Investors may make predictable and suboptimal choices when faced with difficult and uncertain decisions due to heuristic simplification.

Behavioral finance bears on psychology, which suggests that human decision processes are subject to several cognitive biases. These biases are divided into two groups: biases caused by a heuristic decision process and biases rooted in mental states proposed by perspective theory. In this study, we will only focus on biases of herding, overconfidence, anchoring, and perspective-related biases such as regret and loss aversion.

a) Herding Behavior

In its simplest version, herding is the attitude of a particular individual to imitate the behavior of another individual. According to the literature, we distinguish two currents of research that defined herding behavior. Under the first current: herding is rational (Bikhchandani et al., 1992; Mensah and Yang, 2008). Under the second current, herding is irrational (Kahneman and Tversky and (1979), Delong et al., 1991, and Shleifer and Vishny, 1997).

According to Mensah and Yang (2008), herding is the most rational behavior. The authors believe that, regardless of the perceived private information, it is more interesting to follow the choice of predecessors since this behavior is less risky than making an uncertain new decision. If the decision proves to be defective, it will be considered as a bad signal received by all operators. However, Kahneman and Tversky and (1979) show that individuals adopt reasoning shortcuts, leading them to imitate others and trick them into a biased decision-making process that generates assets valuation errors. Accordingly, their choices are not consistent with the perfect rationality hypothesis.

The main factor behind herding behavior is often lack of accurate information and uncertainty of the obtained information. These reasons lead investors to imitate the market trend in order to improve the information at their disposal.

Previous studies, including those of Jiang et al. (2005), assumed that informational uncertainty affects investor behavior. When uncertainty prevails, investors are led to copy the behavior of other agents whom they consider better informed. Such an attitude allows them to improve their previsions and increase their performance. For Devenow and Welch (1996), the desire to be certain and secure may explain herding behavior.

More recently, other psychological dimensions explaining this behavior have been examined. Regret aversion and a moderate self-confidence may trigger herding behavior (Shiller, 2002). Two other endogenous factors that play an important role in triggering herding can be signaled: investor reputation and remuneration. According to Scharfstein and Stein (1990), investment funds managers seek compliance with established conventions, because compliance encourages them to imitate others for two reasons: first, to protect their reputation, and second, because their remuneration depends on other agents' performances. Because of these, investors seek to minimize the risk of being isolated, sanctioned and the fear of losing money. Then, they should keep an eye on others'.

Indeed, several studies have focused on the link between investor behavior and market characteristics. Wermers (1999) found that herding mutual funds tends to stabilize prices. Indeed, since stock prices correlate with herding investment funds, then herding behavior significantly affects price effectiveness.

Chen et al. (2012) studied the impact of herding on stock market returns during financial crises. These authors found that herding behavior has a positive effect on future returns during times of market stress. On the other hand, Scharfstein and Stein (1990) and Hwang and Salmon (2004) believe that intentional herding can destabilize stock prices and thus hinder the smooth functioning of financial markets. However, Walter and Weber (2006) found that herding behavior in the German market has no effect on equities returns.

b) Loss aversion, regret aversion and disposition effect

According to perspective theory, the likelihood that an investor will incur losses by placing their savings in stocks encourages them to invest in bonds that yield less but are more secure. In other words, losses seem more offensive for investors than equivalent gains. According to Shiller (2002), investors are very sensitive to losses, which leads them to take more risks to prevent them. This bias is eschewed by the field of psychology. This latter assumes that a decrease in utility, mainly because of deficits, leads investors to retain losing stocks than winning stocks. This assumption has been developed by perspective theory and has been empirically tested by several authors, like Shefrin and Statman (1985) and De Bondt and Thaler (1985). According to these researchers, this behavior is none other than the disposition effect.

Mangot (2004) confirms these findings and in addition shows that risk-aversive investors generally hold securities in their portfolio, that no longer follow the news and market trends, no longer yield returns, and in

© 2018 Global Journals

particular lose much of their value. This author explains that loss aversion has two main consequences. First, the investor prefers to retain losing stocks, yet he does not believe in the quick turnaround potential. Second, if there is a small chance of losing then the investor avoids investing in these securities, although the future outlook of returns is clearly positive. Both of these consequences support the close relationship between loss aversion and disposition effect.

Brown et al. (2006) explain in a different way disposition effect. According to these researchers, investment fund managers who keep losing stocks for too long and sell winning stocks too early, follow a rational decision rather than a biased decision. These findings are drawn from behavioral theory which stresses that investors who perceive today's winners to be losers tomorrow then sell these winning stocks and buy shares that have depreciated thinking that these shares will see in the future a surplus value. It should be noted that the reasons behind disposition effect and loss aversion biases are more or less the same. First, with an unfounded belief in average price returns, investors will then sell a winning stock because they anticipate that its price will decrease while they keep a losing stock because they expects its price to go up again. Then, their preferences are consistent with perspective theory, which suggests that an investor is risk-aversive when it comes to returns and risk-taker when it comes to losses. For this reason, investors will sell a winning stock to secure its added value, while they are ready to keep a losing stock hoping for future positive returns despite uncertainty.

Finally, the last reason that motivates this bias is commitment intensity. Indeed investors find difficulty closing a trade at a loss given the time and money invested in the initial stock purchase and prefer to hope for future positive returns. This means that they do not disengage themselves from a project in which loss is certain. They continue to pour more resources, buying losers. This is known as commitment intensification (Lin and Huang, 2015).

Goetzmann and Massa (2008) found that the disposition effect negatively correlates with stock returns, volume and volatility. In addition, Svedsater et al. (2009) state that the relationship between disposition effect and returns depends on the investment horizon. In the short-term, past returns positively correlate with the disposition effect, while in the long-run, past returns negatively correlate with this bias. Leal et al. (2010) suggest that the relationship between returns and this bias depends on market conditions. In a bull market, investors are more likely to be influenced by this effect than in a bear market.

Bodnaruk and Simonov (2016) develop the causal relationship between loss aversion of mutual funds and their performance. They found direct evidence on the effect of this bias on investment decisions and returns.

Aziz and Abdullah Khan (2016) studied the behavioral factors of individual investors and their role in investment decision and performance in the Pakistani market. Their results indicate that there is a significant relationship between behavioral factors and investment performance. Indeed, representativeness, confidence, anchoring and availability biases positively correlate with investment returns. Whereas mental accounting, loss aversion and regret aversion negatively correlate with investment performance.

Garvey and Murphy (2004) found that regret aversion negatively correlates with professional performance. Moreover, Kahneman and Tversky (1979) define regret as a frustration feeling that prevails because of a wrong decision. Investors tend to value capital gains because they make them feel proud while they tend to avoid losses because they would make them feel uncomfortable, hence a feeling of regret emerges which investors try to avoid.

Chandra (2008) examines the relationship between regret aversion and portfolio structure. The author lists the reasons behind regret and they all relate to performance. Hence, investors will feel regretful when selling a stock too early and the price of the stock increases after the sale. The same feeling of regret persists when they buy a stock too late and the value of the stock remains stable after the purchase. Finally, the same is true when the value of previously held stocks increases. The author argues that it is the volatility of stock returns which affects investors' aversion to regret.

c) Behavioral Heuristics

Kahneman and Tversky (1979) are the first to study heuristics biases, notably representativeness, availability and anchoring. Then, Waweru et al. (2008) list other factors known as Gambler's error and overconfidence. In our study, we will focus on the following heuristics: anchoring and overconfidence, which we present in what follows. Indeed, anchoring is when individuals refer to past reference values (Kahneman and Tversky, 1974). The authors show that when making judgments and setting expectations, agents memorize reference points and adjust their reasoning and forecasts accordingly. This tends to limit their attention to assess the consequence of new events.

These assumptions have been confirmed by Chandra (2008) who show that investors are not doing enough research on stocks because there is just too much data. As a result, they make decisions based on a single factor that should have little or no impact on their decisions, while they ignore more relevant information.

As for the overconfidence bias, it takes place when investors tend to overestimate the probabilities of occurrence of events and the information received.

© 2018 Global Journals

Moreover, they tend to overestimate their ability to understand and the accuracy of their knowledge. Investors trust information, regardless of its source and regardless of its reliability. According to Hirshleifer (2001), the origin of this bias stems from the fact that investors believe that the chances of success result from their own talents. Investors are victims of great illusions about their own power and their ability to overcome chance.

Investors' overconfidence feeds on a biased account of their successes and failures. Investors tend to remember their earnings and willingly forget their losses. Similarly, according to Mangot (2004), investors equate their success to their abilities and reject their failures on the ground of market conditions or bad luck.

Overconfidence has its origins in the study of subjective adjustment probabilities, the feeling of being better than others, excessive optimism and the illusion of control (Hilton, et al., 2011). Adjustment bias reflects a person's tendency to overestimate the accuracy of the information at their disposal. Another source of overconfidence is the better-than-average effect. Indeed, individuals overestimate the accuracy of their own information. They overestimate their skills and investment abilities and feel that their choice is better than the average, which increases their self-confidence.

Finally, the last source of overconfidence is the illusion of control and excessive optimism. Indeed, illusion of control is defined as the feeling of being able to control events or results on which, in reality, there is no influence. This bias pushes investors to risky behaviors and overestimation of capacities in relation to reality, hence the birth of the overconfidence bias. According to Odean (1998), over-confident investors exchange more securities than others, they have lower expected utility and make less profits than if they were completely rational. They then spend too much money on information, hold riskier portfolios, increase market volatility, and do not perform better.

Some authors, like Barber and Odean (2001), explain the relationship between overconfidence and performance from another perspective. In fact, confident investors are more likely to make investment mistakes, resulting in less conservative investment decisions and lower returns. According to these researchers, individuals who have recorded past earnings tend strongly to give credits for themselves personally. As a result, self-confidence is overfed. This pushes them to take more risks, forget the long-term investment objectives and the diversification principle. In the end, after such an irrational behavior, overconfident investors record unsatisfactory and below-average returns.

For the impact of anchoring bias on performance, this topic has not been thoroughly investigated in the previous literature. Some researchers studying anchoring have confirmed its influence on returns. For example, Kaustia et al. (2008) focused on the impact of historical facts on the stock market, to see investors' anchoring degree and its influence on the market. They found that anchoring has important effects on estimating mid and long-term returns.

According to Cen et al. (2013), market participants are affected by anchoring when they estimate firm profitability. As a result, this behavior affects market performance in an indirect way.

Although the above reviewed literature anchors the effect of biases like herding, overconfidence and disposition effect on stock returns as significant, the empirical results found in several markets show mixed results as to the existence or absence of these biases, as well as to their impact on performance.

Such state of affairs led us to examine first the psychological behavior of Tunisian investment funds managers, before and after the social-political crisis of 2011. Then to determine the impact of these biases on the performance of these funds. For this reason, we propose to study the behavior of Tunisian UCITS between 2006 and 2015.

III. Sample and Methodology

a) Sample

The sample that we propose to study consists of mixed and bond UCITS operating in the Tunisian financial market.

Taking into account the survival bias, the sample we wish to study will consist of 22 mixed UCITS and 18 bond UCITS that have been operating from February 2005 until December 2015. We thus examine a total of 40 UCITS.

b) Methodology

This study uses mixed methods, but focuses more on the quantitative type of research by using a questionnaire. Indeed, quantification is generally associated with the study of behavior rather than meanings, which is the focus of behavioral finance.

The main objective of this study is to examine and diagnose the possible impact of the psychological biases of Tunisian UCITS managers on investment funds performance. This aim can only be reached effectively by opting for a quantitative type of research, since quantitative research is designed to identify and describe variables in order to establish relationships between them.

Subsequently, in order to measure the effect of biases on investment decisions, we use a qualitative method through a simple regression.

i. *Questionnaire Design*

Of the 40 UCITS surveyed, only 34 UCITS agreed to answer the questionnaire. Data collection lasted eight weeks: from March 14 to May 16, 2016. The percentage of acceptable answers is 85%. This percentage is considered acceptable to process our data and test our research hypotheses. Indeed, the

© 2018 Global Journals

questionnaire probed UCITS managers on the Tunisian market through so-called "closed" questions.

The questionnaire is divided into three sections. The first part of the questionnaire collects bio data (personal information like gender, age and educational level).

The second section targets biases and psychological behavior of UCITS managers. Indeed, each bias is represented by a set of items. For each question, we propose a number of answers. The third section determines the impact of the revolution on these psychological biases. In this section, our aim to find out if the biases existed or not before the revolution. After having collected 34 questionnaires from the respondents, we used the SPSS software (Statistical Package for Social Science) 13.0 to process our data. In order to test reliability and internal consistency of our measurement scale (1 for ever, 2 for rarely and 3 for yes), we used Cronbach's alpha.

ii. *The Variables of the Study*

To answer our research questions, we used a single return from each fund. The approximate return we used is the amount of monthly returns for the last month of each studied period. We took December 2010 for the pre-revolution period and December 2015 for the post-revolution period as references for each UCITS.

UCITS returns will be our dependent variable in our model. Behavioral biases represented by scores will be the independent variables in our model. Each of these scores is represented by a few items as shown in Table 2. The items are measured by a Likert-type scale.

One of the contributions of this section is to operationalize the psychological profiles of UCITS managers in terms of the six studied biases. Operationalizing our variables will follow two steps: firstly, we will detect the degree of significance of these biases in the Tunisian market, and then we will determine the impact of each bias on the performance of UCITS. The independent variables of our study are composite scores which group a multitude of questions for each variable. These independent variables are as follows:

The variable (SC_MIM) represents herding behavior of UCITS managers. We believe that this behavior negatively influences UCITS performance (Scharfstein and Stein (1990).

The overconfidence bias is represented by the variable (SC_EXCF). We assume that overconfident managers have a positive impact on UCITS performance (Belanes and Hachana (2010)).

Loss aversion is represented by the variable (SC_AVPE). We expect this variable to negatively affect UCITS performance (Garvey and Murphy (2004) and Aziz and Abdullah khan (2016)). Subsequently, (SC_ANC) represents anchoring bias. We assume that managers subject to anchor bias have a negative impact on UCITS performance (Cen et al (2013)).

The variable (SC_REG) represents regret aversion. We believe that regret-depleted managers have a negative effect on UCITS performance (Garvey and Murphy (2004)).

Finally, disposition effect is represented by the variable (SC_DISP). We assume that this bias negatively influences stock returns (Goetzmann and Massa (2008)).

To ensure the reliability of our results, and avoid measurement bias, we included a control variable in our model. This control variable is binary and represents the category of each fund (Cat). It takes 1 if the funds are investment companies with a variable capital, or 0 if the funds are mutual funds.

iii. *Model Retained: Principal Component Analysis*

To process our data, we will use a principal component analysis (PCA). Our choice is motivated by the nature of the objective we have set, which consists mainly in building scores for previously supported behavioral biases. This method mainly consists in grouping items of a variable into smaller sets called factors, which would reduce the number of variables in order to eliminate the multi-collinearity problems between them.

To judge the quality of our factor analysis, it is necessary to assess its sampling adequacy through the Kaiser-Meyer-Olkin's coefficient (KMO) and Bartlett's Sphericity test. Subsequently, in order to test the validity and reliability of the factor solution, it is necessary to examine the correlation matrix and the univariate statistics. For this reason, we used the ANOVA test and Cronbach's Alpha coefficient.

To determine the impact of behavioral variables on UCITS performance, we use the following regression:

$$Ri = \alpha + \beta_1 SC_MIM + \beta_2 SC_EXCF + \beta_3 SC_ANC + \beta_4 SC_DISP + \beta_5 SC_REG + \beta_6 SC_AVRP + \beta_7 Cat + \varepsilon i$$

SC_MIM, SC_EXCF, SC_ANC, SC_DISP, SC_REG and SC_AVRP are binary variables that take 1 if the score associated with the bias in question is greater than the median.

Cat is a control variable that represents the category of funds. This binary variable is represented as follows:

Cat = 1 If the funds are investment companies with a variable capital.

Cat = 0 If funds are ordinary investment funds.

β1 is a constant; βi is the coefficient respectively representing the impact of psychological biases: herding, overconfidence, anchoring, disposition effect, regret aversion, loss aversion and fund category.

ε_{it} is a random term.

i represents the number of UCITS which ranges from 1 to 34 funds.

© 2018 Global Journals

IV. Results

a) Content Analysis

As mentioned above, psychological biases are represented by items, each is represented by three answers (Yes, rarely and never). One answer is symptomatic of the bias object of the study.

Table 1 presents the profiles of the 34 UCITS managers. First, it presents the frequency of symptomatic responses as a percentage of biases: mimicry, overconfidence, anchoring, disposition effect, regret aversion and loss aversion after the Tunisian revolution. In this table, managers of Tunisian UCITS have all the biases included in our research model, but with different degrees not exceeding 40%.

We found out that the major bias that affects UCITS managers is the anchoring bias with an average of 36.75%. We also note that the least represented biases are regret and loss aversion with averages of 17.6% and 20.6% respectively. Decision-making of Tunisian UCITS managers is not affected by loss and regret aversion. This shows that Tunisian managers prefer to invest and take risks, rather than not investing in order to preserve gained profits.

The same results indicate that 30% of UCITS managers in the Tunisian market are subject to the overconfidence bias. Indeed, these managers trust their intuition. They consider themselves lucky and tend to overestimate the quality of the information they have.

Table 1: Profiles of Respondents

Biases	Items	Frequency	Percent %
Herding	MIM1	23,5	29,425
	MIM2	29,4	
	MIM3	32,4	
	MIM4	32,4	
Overconfidence	EXCF1	26,5	29,4
	EXCF2	23,5	
	EXCF3	38,2	
Anchoring	ANC1	29,4	36,75
	ANC2	44,1	
Disposition Effect	DISP1	26,5	26,5
Regret Aversion	REG	17,6	17,6
Loss Aversion	AVRP1	29,4	20,6
	AVRP2	11,8	

In order to determine the biases before and after the revolution, we asked a question for each category of bias. For each question, UCITS managers should say whether the relevant bias is:

(a) Greater before the revolution; (b) The same before and after the revolution; (c) Greater after the revolution.

The results of these questions are shown in Table 2.

As 71% of managers believe that the effect of other competitors on their investment decisions is the same before and after the revolution, we conclude that herding did not change significantly after the revolution.

Table 2: Variability of psychological biases before and after the revolution

Bias	Item	a	b	C
Herding	Q14	0,21	0,71	0,09
Heuristics	Q15	0,24	0,47	0,29
Perspectives	Q16	0,44	0,5	0,06

Responding to question (Q15), most managers (47%) testify that heuristics in their behavior remain stable after the revolution. Finally, Table 2 shows that 50% of Tunisian managers maintain the same level of loss and regret aversion after the Tunisian revolution.

The results on the herding bias contradict those of Boubaker and Bouattour (2008) on the Tunisian stock market. The authors found a complete absence of herding behavior among Tunisian investors. We also note that the herding bias is one of the biases that was not affected by the revolution. It should be mentioned that our results contradict those of Dimic et al. (2015) as well, which indicate that herding behavior of investors and investment fund managers tends to increase during high volatility and uncertainty periods.

b) Score Construction

In order to build the six scores, we adopted the same approach. We run a factor analysis on the items of each variable. In order to validate the questionnaire and

© 2018 Global Journals

assess its reliability, we run the Keyser-Meyer-Olkin (KMO) and Bartlett's sphericity tests, reported in Table 3. These two coefficients provide information about item factorization and the fit degree between the theoretical and the statistical models.

Table 3: Score Construction

Herding			Overconfidence			Anchoring			Loss aversion		
Items	VP	Coefficient	Items	VP	Coefficient	Items	VP	Coefficient	Items	VP	Coefficient
MIM1	1	0,673	EXCF1	1	0,427	ANC1	1	0,56	AVPE1	1	0,721
MIM2	1	0,561	EXCF2	1	0,374	ANC2	1	0,56	AVPE2	1	0,721
MIM3	1	0,695	EXCF3	1	0,655	Variance explained		100%	Variance explained		100%
MIM4	1	0,127				KMO		0,5	KMO		0,515
Variance explained		100%	Variance explained		100%	Bartlett's test		0,108	Bartlett's test		0,115
KMO		0,65	KMO		0,552	Cronbach's Alpha		0,18	Cronbach's Alpha		0,579
Bartlett's test		0	Bartlett's test		0,166	ANOVA		0	ANOVA		0
Cronbach's Alpha		0,66	Cronbach's Alpha		0,461						
ANOVA		0	ANOVA		0						

In Table 3, all KMO coefficients are greater than 0.5. We therefore accept these coefficients as all the variables had a KMO greater than or equal to 0.5 before the revolution. We also note that all of our variables have a Bartlett's sphericity coefficient equal to 10%, and in most cases these variables are less than 10%, which leads us to accept these estimates. Then, to test score reliability, we used ANOVA test which is found to be significant. Finally, in order to measure internal consistency of our questionnaire, we calculate Cronbach's Alpha coefficient. We found that Cronbach's alpha of all variables varies between 0 and 1, which reflects reliability and internal coherence of our measurement scale. After checking consistency and scores significance, we study the impact of behavioral variables on performance using a linear regression.

c) *Impact of psychological biases before and after the revolution*

In order to determine the impact of psychological biases on performance, we run a linear regression that includes all the psychological biases and the control variable. The regression results are reported in Table 4 below.

Table 4: Impact of psychological biases on performance

	Pre-Revolution		Post-Revolution	
Model	t	Sig	T	Sig
Constant	0.568	0.575	1.133	0.267
Herding	-2.612**	0.015	-0.249	0.805
Overconfidence	0.126	0.901	-0.220	0.827
Anchoring	-1.846*	0.076	-1.160	0.257
Disposition effect	-1.881*	0.071	0.600	0.554
Loss aversion	1.923*	0.065	-0.141	0.889
Regret aversion	-1.831*	0.079	0.084	0.933
Cat	-1.966*	0.060	-1.149	0.261

*This table reports the results of the following linear regression: $Ri=\alpha+\beta1\ SC_MIM+\beta2\ SC_EXCF+\beta3\ SC_ANC+\beta4\ SC_DISP+\beta5\ SC_REG+\beta6\ SC_AVRP+\beta7\ Cat+\varepsilon i$. This regression estimates the impact of psychological biases on the performance of 40 mixed and bonded Tunisian UCITS between February 2005 and December 2015. The model is significant at the * 10% ** and 5% thresholds.*

In this table 4, we found different results before and after the revolution. We note that before the revolution all the tested variables have a significant effect on return variability, except for overconfidence. Therefore, overconfidence does not affect performance of Tunisian UCITSs.

Since the results for the post-revolution period are insignificant, we conclude that all the psychological biases have no effect on UCITS performance during this period. Accordingly, all our hypotheses are significant only for pre-revolution period.

With these findings, we can conclude that the absence of the impact of psychological biases on Tunisian UCITS performance after the revolution may have resulted from managers' disorientation and destabilization, who might have reacted randomly and

© 2018 Global Journals

on a case-by-case basis. Therefore, these biases were found to be no longer significant.

Before the revolution, herding has a negative impact on performance. In other words, if managers' herding behavior increases, their returns decrease significantly. This relationship implies that herding may destabilize stock prices before the revolution and thus hinder the smooth operation of UCITS.

In Table 3, the results indicate that herding is stable over the entire period, whereas in Table 4, the results of a more in-depth statistical analysis show that this bias has an impact on performance only before the revolution, and becomes insignificant after the revolution.

In our opinion, this may have resulted from either the unexpected variation of returns, or, the change in herding behavior after the revolution as managers do not follow each other like they used to. In this case, managers lost faith in each other and in UCITS because many have been taken over by the State, while others closed or in the process of privatization.

The post-revolution results confirm those of Walter and Weber (2006) who found that herding behavior has no effect on stock performance. In table 4, the only variable that has an insignificant impact before and after the revolution is overconfidence. These results are consistent with those of Odean (1998) and contradict those of Belanes and Hachana (2010), who indicate that investment decisions and investor performance are affected by overconfidence.

Then, it should be pointed out that another heuristics-related bias like overconfidence, but which negatively affects performance, is anchoring. In our opinion, this impact can be interpreted by the fact that managers of Tunisian UCITS do not do enough research on stocks. These managers make decisions based on a single factor or use benchmarks, without seeing their relevance. As a result, they ignore the most important information, which necessarily affects their returns. For the pre-revolution period, our results are similar to those of Chandran (2008).

Similarly, for the disposition effect bias and loss aversion, they negatively affected performance before the revolution. It seems that managers of Tunisian UCITS keep stocks too long, because they are afraid of losses, and continue to buy new stocks in the hope of gaining profits. However, these new stocks may introduce a new risk which negatively affects portfolio performance. These results confirm those of Goetzmann and Massa (2008), who found that the disposition effect negatively correlates with performance. Similarly, they confirm those of Bodnaruk and Simonov (2016) and Aziz and Abdullah Khan (2016) who claim that loss aversion negatively affects performance.

Finally, we found that the effect of regret aversion of Tunisian managers on performance is positively significant. In our opinion, when Tunisian investors fear regret, they tend to review their choices and change their preferences so as not to regret later a wrong decision. This then positively affects performance. Our results are at odds with those of Garvey and Murphy (2004).

A last variable that also has an impact on UCITS performance is the control variable, i.e. fund category. This variable negatively affects performance.

V. Conclusion

Behavioral Finance Theory is a new approach to finance that examines how the behavior of agents in the financial market is affected by psychological factors which in turn influence decision-making and stock performance.

This behavioral theory takes into account many cognitive and emotional biases that influence economic agents when facing risky choices. In fact, agents facing complex choices often resort to reasoning shortcuts.

In this paper, our first objective was to determine the psychological biases that affect the returns of Tunisian investment funds, before and after the revolution in view of understanding the psychology of fund managers.

Our second objective was to determine the impact of these psychological biases on the performance of Tunisian UCITS, in order to identify the variables that may explain variability of performances. To achieve our objectives, we used, on the one hand, a questionnaire on the presence of psychological biases, and on the other hand a linear regression that measures the effect of these psychological biases on the returns of Tunisian UCITS.

The results of the questionnaire show that of the Tunisian UCITS managers, only a small portion of them adopt a herding behavior. They are overconfident in their knowledge and have a low regret, risk and loss aversion. By studying the effect of the revolution on these biases, we conclude that these biases remain the same after 2011 revolution. Subsequently, using a qualitative measure, we studied the effect of these psychological biases on the returns of Tunisian UCITS. We conclude that these endogenous factors fail to explain the variability of mutual funds returns over the period. In fact, the psychological biases we measured are significant only before the revolution. Some of these biases, such as regret aversion, have a positive effect on performance and others, like herding, anchoring, disposition effect and loss aversion, negatively affect performance.

This study is not without limitations. First, the bias measurement estimation, which is a simple regression in the form of a composite index, is above all subjective and cannot be exhaustive. Second, it would be interesting to shed more light on the relationship between fund characteristics and behavioral biases. In particular, this study can be broadened by measuring

© 2018 Global Journals

the effect of other variables that may affect the long-term performance of UCITS, such as macroeconomic news.

References Références Referencias

1. Aziz, B. and M. Abdullah Khan. (2016) Behavioral factors influencing individual investor's investment decision and performance, Evidence from Pakistan Stock Exchange. International journal of research in finance and marketing 6, 74-86
2. Barabel, M. and O. Meier. (2002) Biais cognitifs du dirigeant, conséquences et facteurs de renforcement lors de fusions-acquisitions: synthèse et illustrations. Finance Contrôle Stratégie, 5, 5-42.
3. Barber, B. et Odean, T. (2001). Boys Will be Boys: Gender, Overconfidence, and Common Stock Investment. Quarterly Journal of Economics, Vol. 116, pp. 261-92.
4. Ben Mrad, D. F. W. et Chaouachi, O. (2013). Herding Behaviour before and after the Tunisian Revolution. International Journal of Multidisciplinary Sciences and Engineering, Vol. 4, pp. 16-20.
5. Bodnaruk, A. William, B. et Simonov, A. (2016). Captiv fienance and firm's competitiveness. Journal of Corporate Finance, vol. 37, pp. 210-228.
6. Boubaker, A. et Bouattour, B. (2008). Détection du comportement mimétique sur le marché boursier tunisien. Revue Tunisienne d'Economie et de Gestion, Vol. 26, pp. 293-319.
7. Brown, P., Da Silva, R. et Chappel. N, (2006). The Reach of the Disposition Effect: Large Sample Evidence across Investor Classes-super-International Review of Finance, Vol. 6, pp. 43-78.
8. Cen, L., Hilary, F. et Wei, J. (2013). The role of anchoring bias in the equity market: Evidence from analysts' earnings forecasts and stock returns. Journal of Financial and Quantitative Analysis, Vol. 48, pp. 47-76.
9. Chandra, A. (2008). Décision Making in the Stock Market: Incorporating Psychology with Finance, Conference Proceedings: FFMI 2008 IIT Kharagpur pp. 461-483.
10. Chen, Y. F.; Yung, S. Y. et Lin, F. L. (2012). Foreign institutional industrial herding in Taiwan stock market, Managerial Finance, Vol. 38, pp. 325- 340
11. Devenow, A. et Welch, I. (1996). Rational Herding in Financial Economics. European Economic Review, Vol. 40, pp. 603-615.
12. Dimic, N. ; Vitaly, O. et Vanja, P. (2015). The political risk factor in emerging, frontier, and developed stock markets. Finance Research letters, Vol. 15, pp. 239-245.
13. Garvey, A. et Murphy, R (2004). Are Professional Traders too Slow to realize Their Losses? Financial Analysts Journal , Vol.60, pp. 35-43.
14. Goetzmann, W. N., and Massa, M., (2008). Disposition Matters: Volume, Volatility, and Price Impact of a Behavioral Bias. Journal of Portfolio Management, Vol. 34, pp. 103- 125.
15. Hilton, D., Regner, I. Cabantous, L. Charalambides, L. et Vautier, S (2011). Do positive illusions predict overconfidence in judgment? A test using interval production and probability evaluation measures of miscalibration. Journal of Behavioral Decision Making, Vol. 24, pp. 117-139.
16. Hirshleifer, D. (2001). Investor psychology and asset pricing. Journal of Finance, Vol. 56, pp. 1533-1597.
17. Jiang, G.; Lee, C. et Zhang. G. (2005). Information uncertainty and expected returns. Review of Accounting Studies, Vol. 10, pp. 185-221.
18. Kahneman, D. et Tversky, A. (1974). Judgment under Uncertainty: Heuristics and Biases. Science, Vol. 185, 4157, pp. 1124-1131.
19. Kahneman, D. et Tversky, A., (1979). Prospect Theory: An Analysis of Decision under Risk. Econometrica, Vol. 47, pp. 263-291.
20. Kaustia, M. Alho, E. et Puttonen, V. (2008). How Much Does Expertise Reduce Behavioral Biases? The Case of Anchoring Effects in Stock Return Estimates. Financial Management, Vol. 3, pp. 391-411.
21. Kremer, S.; Bick, A. et Nautz, D. (2013), Inflation and growth: new evidence from a dynamic panel threshold analysis. Empirical Economics, Vol. 44, pp. 861-878.
22. Lin, C. et huang, T. (2015). The disposition effect, escalation of commitment and herding behavior of mutual fund managers. Annals of Financial Economics Vol. 10, pp. 1-23.
23. Mangot. M: (2004). Les comportements en Bourse, 6 erreurs psychologiques qui coûtent cher; Galino éditeur.
24. Mensah, Y. M., et Yan, Y. (2008). An empirical evaluation of analysts' herding behavior following Regulation Fair Disclosure. Journal of Accounting and Public Policy, Vol. 27, pp. 317-338.
25. Mnif, A. T. (2017). Political uncertainty and behavior of Tunisian stock market cycles: Structural unobserved components time series models. Research in International Business and Finance, Vol. 39, pp. 206-214
26. Odean, T. (1998). Are investors reluctant to realize their losses? Journal of Finance, Vol. 53 (5), pp. 1775-1798.
27. Scharfstein, D. S. et Stein J.C. (1990). Herd Behavior and Investment. The American Economic Review, Vol. 80, pp. 465-479.
28. Shiller, R.., (2002). Bubbles, Human Judgement, and Expert Opinion. Financial Analysts Journal, Vol. 58, No. 3, pp. 18-26
29. Svedsater, H., Karlsson, N. et Garling, T. (2009). Momentum trading, disposition effects and prediction of future share prices: an experimental study of multiple reference points in responses to

© 2018 Global Journals

short-and long-run return trends. Applied Financial Economics, Vol. 19, pp. 595-610.
30. Thaler, R. (1980). Toward a Positive Theory of Consumer Choice, Journal of Economic Behaviour and Organization, 1980, Vol. 1, pp. 39-60.
31. Walter, A. et Weber, F. M. (2006). Herding in the German mutual fund industry. European Financial Management, Vol. 12, pp. 375-406.
32. Waweru, N., M., Munyoki, E., et Uliana, E. (2008). The effects of behavioral factors in investment decision-making: a survey of institutional investors operating at the Nairobi Stock Exchange. International Journal of Business and Emerging Markets, Vol. 1, pp. 24-41.
33. Wermers, R. (1999). Mutual fund herding and the impact of stock prices. Journal of Finance, Vol. 54, pp. 581-622.

© 2018 Global Journals

Global Journal of Management and Business Research: B
Economics and Commerce
Volume 18 Issue 4 Version 1.0 Year 2018
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

Determinants of Loan Repayment of Micro and Small Enterprises in Jimma Town, Ethiopia

By Ofgaha Alemu Dire
Bule Hora University

Abstract- The main objective of this study was to examine the determinants of loan repayment of Micro and Small Enterprises (MSEs) in Jimma town, Ethiopia. This study examined the effect of Individual characteristics, loan characteristics and firm characteristics on loan repayment of micro and small enterprises in Jimma town only. The study used descriptive research design. Primary data was collected through self administered questionnaire and it was collected from random samples of 341 Micro and Small Enterprises (MSEs) by stratifying into Five group. Once the relevant data was gathered, the collected data was analyzed through descriptive and econometric model known as binary logistic regression model was used in order to examine determinants that impeding Micro and small enterprise's loan repayment by distinguishing characteristics of MSEs. The descriptive result of analyzed data revealed that individual characteristics, loan characteristics and firm characteristics influenced loan repayment of enterprises in the study area. In addition, the result of binary logistic regression model indicated that Sex of respondents and Experience positively and significantly affect loan repayment. The inconvenience of loan payback period, Lack of financial skill and planning negatively and significantly affected loan repayment of enterprises. Lack of Marketing Skills, Follow up and supervision positively and significantly influenced loan repayment of micro and small enterprises.

Keywords: *micro and small enterprises, lack of loan repayment, individual characteristics, loan characteristics, firm characteristics, jimma town.*

GJMBR-B Classification: *FOR Code: 149999*



Strictly as per the compliance and regulations of:

© 2018. Ofgaha Alemu Dire. This is a research/review paper, distributed under the terms of the Creative Commons Attribution-Noncommercial 3.0 Unported License http://creativecommons.org/licenses/by-nc/3.0/), permitting all non-commercial use, distribution, and reproduction in any medium, provided the original work is properly cited.

Determinants of Loan Repayment of Micro and Small Enterprises in Jimma Town, Ethiopia

Ofgaha Alemu Dire

Abstract- The main objective of this study was to examine the determinants of loan repayment of Micro and Small Enterprises (MSEs) in Jimma town, Ethiopia. This study examined the effect of Individual characteristics, loan characteristics and firm characteristics on loan repayment of micro and small enterprises in Jimma town only. The study used descriptive research design. Primary data was collected through self administered questionnaire and it was collected from random samples of 341 Micro and Small Enterprises (MSEs) by stratifying into Five group. Once the relevant data was gathered, the collected data was analyzed through descriptive and econometric model known as binary logistic regression model was used in order to examine determinants that impeding Micro and small enterprise's loan repayment by distinguishing characteristics of MSEs. The descriptive result of analyzed data revealed that individual characteristics, loan characteristics and firm characteristics influenced loan repayment of enterprises in the study area. In addition, the result of binary logistic regression model indicated that Sex of respondents and Experience positively and significantly affect loan repayment. The inconvenience of loan payback period, Lack of financial skill and planning negatively and significantly affected loan repayment of enterprises. Lack of Marketing Skills, Follow up and supervision positively and significantly influenced loan repayment of micro and small enterprises. This study recommends that the involvement of women in ownership and management of MSE's should be improved, the town MSEs bureau should be setting suitable payback periods by communicating and integrating with the federal government and other concerned body, Experience sharing activities on Marketing Skills should be set by bureau of MSEs with supporting institutions to acquire better knowledge and experiences from each other, Financial skill and planning should be also improved by eliminate traditional work routine by replacing qualified personnel, banks and micro finance institutions should develop means of support, take close control, continuous follow up and supervision.

Keywords: micro and small enterprises, lack of loan repayment, individual characteristics, loan characteristics, firm characteristics, jimma town.

I. Introduction

Micro and small scale enterprises are one of the priority areas of action among the Programs addressing African development, and it can be seen as a means of achieving smooth transition from traditional to modern industrial sector; and has a huge contribution to the growth and development of the country in terms of employment generation with a relative low capital cost (Drbie & Kassahun, 2013). MSEs are primary sources of employment creation not only in developing countries but also in developed countries. In developing countries, MSEs have a crucial role because of their potential contributions to improvement of income distribution, employment creation, poverty reduction, industrial development, rural development, and export growth. In this case, governments have been supporting their MSEs extensively through many different programs, with subsidized credit schemes as the most important component. International institutes such as the World Bank, the Asian Development Bank (ADB) and the United Nation Industry and Development Organization (UNIDO) and many donor countries through bilateral co-operations have also played a crucial role in empowering MSEs in developing countries (Zemenu & Mohammed, 2014). Even if the role of micro and small sized Enterprises (MSEs) is pillar in poverty reduction, job creation, and sustainable economic growth of developing nation like Ethiopia, it is undeniable facts that they cannot exist without various challenges.

According to Shide(2012), the Creation, survival and growth of small and medium enterprises in most African countries is not out of challenges. Among the most significant impediments that face Micro and Small enterprises in Africa, He has taken example as: inadequate accesses to financing, weak technical capacities, poor market access, lack of favorable policy environment is the most significant impediments that face MSEs, and he has also stated that the graduation of MSEs enterprises to a more growth oriented middle and large industries are minimal.

In relation to this, inadequate supply of public goods such as legal and physical infrastructures, coupled with high transaction costs and information asymmetry would negatively influence the likelihood of those established MSEs graduating into larger enterprises. This problem is further compounded by the fact that technical and managerial knowledge that are important for efficiently managing MSEs are in limited supply, and as the result of market failures, they would be highly under-produced in these economies. This is partly because adequate resources are not available for the private sector to invest in the acquisition of this knowledge, and partly because the value of investments in knowledge cannot be fully appropriated by

Author: (MSc), Department of Accounting & Finance, college of Business and Economics, Bule Hora University, Ethiopia.
e-mail: ofgahaalemudire@gmail.com

© 2018 Global Journals

businesses that commit resources to acquire the knowledge. In addition, the study arises due to positive externalities whereby knowledge of production technologies, products design and management systems could easily spread from people who invested in the acquisition of such knowledge towards those who did not, as it is difficult to codify and lock up knowledge (MUDC, 2013).

There are multi dimensional problems like extreme poverty, unemployment, low per Capita income, and unequal income distribution facing in many developing countries. As a result, different governments are framing different strategies and policies to create job opportunities and to pull these countries out of such problems. In Ethiopia there is also suffering from severe poverty, unemployment, income inequality and lower per capita income. In response to the mentioned problem, the Ethiopian government issued the National Micro and Small Enterprises Strategy in 1997 and established the Federal Micro and Small Enterprises Development Agency in 1998. The country's industrial policy in 2003 and the poverty reduction strategy program of 2006 had single out MSEs as major instruments to create a productive and vibrant private sector and reduce poverty among urban dwellers (Siyum, 2015).

According to Yednekachew (2016), the MSEs were affected by environmental and internal factors. Environmental factor includes social, economic, cultural, political, legal and technological factors, and internal factors also affect the performance of MSEs, which are related to the person's individual attitude, training and technical know-how. He identified many problems that confronted MSEs in Ethiopia similar with other developing countries like unfavorable legal and regulatory environment, discriminatory regulatory practices; lack of access to markets, business information; lack of business premises at affordable rent; low ability to acquire skills and managerial expertise; low access to appropriate technology, poor access to quality business infrastructure, financial problems, lack of qualified employees, lack of proper financial records, inadequate management and business skill, marketing problems, lack of work premises , low level of provision and interest for trainings and workshops. The study suggests constraints confirm with other developing countries' especially experiences of Sub-Saharan countries in which the major common constraints of MSEs are lack of financial support, poor management, corruption, lack of training and experience, poor infrastructural availability, insufficient profits and low demand for product and service. The researcher also highlight that in the past decades the focus of Ethiopian government was mainly on large organizations ,but the recent are towards wave of private sector development initiatives ,and it is shifted the policy efforts to MSEs.

Despite the contribution of MSEs is the pillar in poverty reduction, job creation, and sustainable economic growth of both in developed and developing nation, there are numerous challenges face in their activities. As mentioned in above paragraphs by different study such problem open door for failure of the business, and which are input factor for lack of successful loan repayment since this unfavorable business environment creates instability of MSE's business activities. According to Million (2012), the loan repayment is influenced both directly and indirectly by various factors Such as Government Policy, institutional and environmental factors and demography.

As indicated in the above paragraphs, there are different factors which influence MSEs for successful loan repayment either internal or external, but this study was provided insight for among factors that confronting MSEs such as individual characteristics, loan characteristics and firm characteristics that impeding the successful loan repayment of MSEs in Jimma town, Ethiopia. Among this inconvenience loan payback period, Lack of financial skills and planning, lack of marketing skills, lack of performance monitoring (Follow up and supervision) was focuses of the study because majority of banks and financial intermediaries are providing loan based on the creditworthiness and performance of MSEs in loan repayment, however, it is necessary to know basic factor that impeding loan repayment of MSEs. This study recommends remedial actions to be taken in order to tackle the identified hindering factors.

II. Statement of the Problem

The role of Micro and Small Enterprises in Ethiopia is indispensable in poverty reduction through employment generation since national MSEs Development Strategy was formulated in 1997, and government strongly believes that MSEs are the right solution to reduce urban unemployment and poverty. However, there are many critical challenges that hamper the growth and development of MSEs in Ethiopia. According to Assefa, Zerfu, & Tekle (2014), key constraints to MSE growth in Ethiopia were access to finance, collateral challenges, marketing challenges, working and sales space, capital goods and machinery challenges, licensing and registration challenges, attitudinal challenges, institutional coordination problem.

Among listed challenges in the above paragraph, accesses to finance are the chief factor affecting MSEs. According to EEA (2015), initial capital for MSEs emanated from diverse sources, the major one being loans. Since most MSEs have Lack of the initial start-up capital, facilitating access to loan would definitely help to establish new MSEs and address working capital problems of existing ones. All those

© 2018 Global Journals

MSEs which have accessed loans for their businesses might not repay their debts as scheduled.

Several factors have been identified as reason for lack of loan repayment such as individual characteristics, loan characteristics, and firm characteristics. As indicated by Mukono(2015), Individual characteristics include the age of borrower, gender, level of education, business experience, household size, credit use experience, household income, non-business income, type of business activity, and amount of business investment. Loan characteristics include the loan size, repayment period, collateral value, number of installments, and application costs, previous loan experience, and purpose of loan. Firm characteristics factors include the time lag between loan application and disbursement, interest rate, access to business information, access to training on loan use, cooperative membership and penalty for lateness to group meetings.

Therefore, the purpose of this study was to examine the major determinant behind the loan default problem such as individual characteristics include sex, loan characteristics such as inconvenience of loan payback period, followed up and supervision, and firm characteristics specifically Lack of financial skills and planning and lack of marketing skills. From firstly mentioned variable Individual characteristics was classified as background data of the respondents like sex affected loan repayment because personal data is indicating the characters of loan payers. Secondly, inconvenience of loan payback period or Loan delinquency which means the shortage of time to repay loan successfully on maturity date. Thirdly, Lack of financial skills and planning this also indicated the skill of financial recording, reporting and planning of loan payers. Fourthly, lack of marketing skills this is related with place, sales, promotion, price and other marketing skill that affect the successful loan repayment of borrowers. Finally, lack of followed up and supervision means after provision of loan by banks and other financial intermediaries, whether they are followed up or not because lack of followed up and supervision was affected loan repayment of borrowers (MSEs).

All five determinants personal data, inconvenience of loan payback period, Lack of financial skills and planning, lack of marketing skills and lack of followed up and supervision were included under Individual characteristics, loan characteristics and firm characteristics in general, but specifically these determinants were impeding loan repayment of MSEs in Jimma town, Ethiopia. Hence, most of the studies in Ethiopia such as (Salem, 2016), (Kebede, Tegegn, & Tafese, 2016),(Kibrom, 2010), &(Tadele, 2014)were mainly focused on performance and non-performance of borrowers of banks and micro finance institution. However, this study was focused on micro and small enterprises sector by examining determinants of loan repayment of micro and small enterprises in Jimma town, Ethiopia.

a) Research Question

The research was addressing the following question;

What are the determinants of loan repayment by MSEs' in Jimma Town, Ethiopia?

b) Objective of the Study

The general objective of this study was to examine determinants of Loan repayment of Micro and Small enterprises in Jimma Town, Ethiopia. The specific objective of this study includes:

1. To examine the effects of borrower characteristics on loan repayment by MSEs in Jimma town, Ethiopia
2. To examine the effects of loan characteristics on loan repayment by MSEs in Jimma town, Ethiopia
3. To examine the effects of firm characteristics on loan repayment by MSEs in Jimma town, Ethiopia.

III. Literature Review

a) Theoretical Literatures

i. *Definition of Micro and Small Enterprise*

Micro and small enterprises have different meaning from country to country, or there is no commonly accepted definition. As cited in article of Shantanu, & Londhe (2014) "Microenterprises can be defined differently, depending on country's stage of development, policy objectives, and administration."

In the majority of countries, Micro and Small-sized enterprises (MSEs) are defined as firms employing between 10 and 250 people. Firms with up to 10 employees are usually referred to as micro firms. There is, however, no commonly agreed definition of what micro firms and SMEs are. They are mixed by nature, ranging from producers of non-tradable services to "born global" suppliers of digital products, high quality artisanal goods or sophisticated instruments. Also, world trade organization describes SME acronym as – "small and medium-sized enterprise" – is used in most contexts as the generic term to qualify all enterprises that are not large. In most instances, the term is not defined precisely in the sense that no upper or lower size thresholds are indicated. In addition, the acronym MSME – "micro, small and medium enterprise" – is used to emphasize the inclusion of the smallest firms. This report follows the customary approach of using the acronym "SME" as the generic term. A distinction between SMEs and MSMEs, where the former concept excludes micro firms and the latter includes them, will only be made where precise definitions are necessary, that is when statistics are used or when the distinction is explicitly made by source (WTO, 2016).

According to Tadesse (2010), the universal definition of micro and small enterprise does not exist given the multitude of different economic, social and

© 2018 Global Journals

geographic differences with the international context of micro and small enterprise. In some countries, micro and small enterprises are categorized based on the capital that is invested and in some countries based on the employment opportunity they provide.

MSEs are businesses that are basically privately owned and operated, with a small number of personnel, and a relatively low volume of sales. Small businesses are normally privately owned corporations, partnerships, or sole proprietorships. There is no universally accepted definition of a small and medium-sized business. The legal definition of a "small sized enterprise" depends on each country (Joseph, John, & Kala, 2013).And; Small businesses are the business that employs a small number of employees as well as microenterprise will usually operate with fewer than 10 people and is started with a small amount of capital. Most microenterprises specialize in providing goods or services for their local areas (investopedia, 2016).

MSE has no standard definition. MSEs have been identified differently by various individuals and organizations, such that an enterprise that is considered small and medium in one country is viewed differently in another country. Some common indicators employed in the various definitions include total assets, size of the labor force employed, and annual turnover and capital investments (Asma, 2015).

In context of Ethiopia, according to council of minister Regulation No. 201/2011 micro and small enterprise are defined as follow:

> "Micro enterprise" means an enterprise having a total capital, excluding building, not exceeding birr 50,000 in the case of service sector or not exceeding birr 100,000 in the case of industrial sector and engages five workers including the owner, his family members and other employees
> "Small enterprise" means an enterprise having a total capital, excluding building, from birr 100, 001 to birr 1,500,000 in the case of industrial sector and engages from 6 to 30 workers including the owner, his family members and other employees.

According toAssefa, Zerfu, & Tekle (2014), the definition of MSEs are in form of the following Tables:
Definition of MSEs in Ethiopia

Level of the enterprise Asset	Sector	Human power Total
Micro enterprise	Industry	≤5≤100,000 ($6000 or E 4500)
	Service	≤5≤50,000 ($3000 or E 22000
Small enterprise	Industry	6-30≤Birr 1.5 million ($ 9000 or E 70000)
	Service	6-30≤Birr 500,000($ 30000 or E 23000)

Source: FeMSEDA, 2011

ii. *What is Credit Default?*

According to Wilson (2007), the term "credit default" defined as the late payment of a debt obligation, so a bank can apply a penalty "default" interest rate between the due date and the actual payment date. It can also mean something as serious as a bankruptcy or insolvency where the lender initiates a recovery process to limit loss from a collateralized loan. The researcher also remark two concepts of delinquency and insolvency which underlie mostly the definitions of credit default; Delinquency is defined as a failure to meet a loan payment by a due date, whereas insolvency is defined as a situation where assets are less than liabilities. This study points out a delinquency is not only factor for lack of loan repayment; also there may be a situation that assets are less than liability.

Default occurs when a debtor has not met his or her legal obligations according to the debt contract. For example a debtor has not made a scheduled payment, or has violated a loan covenant (condition) of the debt contract (Alex, 2014).

According to Mukono (2015), a delayed installment is said to be delinquent and a repayment that has not been made is said to be in default. Default on borrowed funds could arise from unfavorable circumstances that may affect the ability of the borrower to repay (Mukono, 2015). Delays of repayment lead to two ominous effects for financial institutions, which include non-refinancing of a large number of safe borrowers and the collection of late installments by the loan officer driving to an increase of its loads without compensations in resources. In addition, because of the delay of a member, other members will be incited then to delay their repayment and even to negotiate with the institution the possibility to abandon the last part of the loan (Mukono, 2015).

In general, Mukono (2015) distinguish the term of insolvency and bankruptcy and explain types of default as follow:

- "Default" essentially means a debtor has not paid a debt which he or she is required to have paid.
- "Insolvency" is a legal term meaning that a debtor is unable to pay his or her debts.
- "Bankruptcy" is a legal finding that imposes court supervision over the financial affairs of those who are insolvent or in default.
- Default can be of two types: debt services default and technical default. Debt service default occurs when the borrower has not made a scheduled payment of interest or principal. Technical default occurs when an affirmative or a negative covenant is violated.

iii. *Definition of Determinants of Loan Repayments*

Some of the major operational definitions of basic concepts are given below.

© 2018 Global Journals

a. *Personal data*

This is to know the demographic characteristics of the respondent's background data which include sex and experience. It affected dependent variable of loan repayment of MSEs in the study area.

b. *Inadequate loan payback period*

Inconvenience of loan payback period or Loan delinquency which means the shortage of time to repay loan successfully on maturity date because of different reasons of loan payers

c. *Marketing Skills*

According to Asma (2015), the important factor contributing to success or failure of SMEs is marketing skills. There is extensive evidence to prove that marketing plays a significant role in the success of MSEs. Marketing is also one of the biggest challenges MSEs face in their business operations. MSEs in Algeria are weak in terms of market research and have inadequate marketing skills because most Algerian MSEs are owned and managed by one person. Such entrepreneurs take care of all the managerial functions of the enterprise and lack the time and funds to invest in research to establish their target market or identify customer trends.

The constraint micro-small business face is inadequate markets access due to unstable market value chains and over reliance on saturated and localized markets. Purchasing power is low; transport infrastructure is poor, and most micro-small business has no knowledge of markets beyond their immediate locality (Anthony, 2015).

According to Kefale & Chinnan (2012), the most prevalent areas in which MSE have problems are sales or marketing, human resource management, and general management; they specifically reported promotion, marketing research and training as the most frequently encountered problems. Marketing problem has been widely acknowledged as being the most important of all activities and critical for the survival and growth of MSEs.

Many studies found owner/managers of MSEs as having a very limited understanding of the marketing concept generally to be little more than advertising and public relations and lacking adequate marketing skills. Specifically, problems in promotion and marketing research were frequently encountered by MSEs. These problems include the selection of promotional media (local newspaper or radio, direct mails, outdoors, etc), difficulty in getting customers to pay, low purchasing power of customers, advertising, content design and format of the promotional materials, market size, location and addresses of potential customers(Kefale & Chinnan, 2012).

Micro and small enterprises in Ethiopia faced various marketing problems. There is lack of product diversity and as a result similar products are overcrowding the market. In addition to this certain micro and small enterprises lack of skill to modify their products and they have lack of sufficient range of product designs (Mezgebe, 2012).

From above different studies marketing is the big problem area for small entrepreneurs. The survival of small entrepreneurs very much depends on sound marketing techniques. One of the most important tools in the hands of small entrepreneurs for promoting their sales is low prices coupled with credit to buyers, which give rise to number of problems at a later stage.The contact with markets and the awareness of market opportunities are very important links in the craft creative system chain.

d. *Lack of financial skill and planning*

Financial capability is a broad concept, encompassing people's knowledge and skills to understand their own financial circumstances, along with the motivation to take action. Financially capable consumers plan ahead, find and use information, know when to seek advice and can understand and act on this advice, leading to greater participation in the financial services market (Sherrard, 2010).

MSEs Lack of access to capital and high interest rates charges are partially the result of incomplete (or no) accounting records, and the inefficient use of accounting information.

Poor record keeping and accounting information make it difficult for financial institutions to evaluate potential risks and returns, making them unwilling to lend to SMEs. And, SMEs pay high interest rates or fall back on the middlemen or moneylenders, whose loans are costly and often restrictive. The misuse and inaccuracy of accounting information causes SMEs to inaccurately assess their financial situation, and make poor financial decisions, as well as leads them to face with the high failure rate (Mosisa, 2011).

The idea financial skill and planning is specifically related with financial capability, financial literacy, financial education of individuals and firms. In case of this study, the capability of MSEs in keeping, recording and reporting of their financial data were low because the lack of loan repayment was a result of lack of financial skill and planning in the study area.

e. *Lack of performance monitoring (follow up or supervision)*

According to Ameyaw-Amankwah (2011), Loan repayments should be monitored and whenever a customer defaults action should be taken. Thus, banks should avoid loans to risky customers, monitor loan repayments and renegotiate loans when customers get into difficulties. Inversely, in this study researcher overlooks good governance is vital for the development of a healthy and competitive environment of MSEs with established rules and procedures to manage and run the enterprise. In addition to this, the delay of decision-

© 2018 Global Journals

making process, poor organization, poor staffing, weak controlling, and directing. This may also have roles resulting in credibility problems.

iv. *Importance of Micro and Small Enterprises*

Micro enterprise has major role in economic growth of both developed and developing countries critically by helping poor people with creation of job, and changing their worst standard of living in their day to day economic activities. Moreover, the cumulative of these economic activities in different sector such as industry, service and agriculture has high contribution for GNP and GDP of the country. Similarly, in Ethiopia micro enterprises play a key role in poverty alleviation, economic growth, and job creation.

They are vital in dispersing new industries to the countryside and stimulating gainful employment. SMEs are more likely to be labor-intensive. Thus, they generate jobs in the locality where they are situated. In this sense, they bring about a more balanced economic growth and equity in income distribution. In addition, SME play an important part in the provision of services in the community. They can make an important contribution to regional development programs (Million, 2014).

Socio-economic development of any country designates both qualitative and quantitative changes which contribute grossly to the improvement of people's life. This requires industrialization where micro and small enterprise comes into the centerpiece as one of the packages and instruments to help accelerate economic growth and then the overall socio economic development of the nation. The socio-economic progress of a neo independent developing country rests on the pillars of income from a large number of people. In this respect, the small-scale sectors, especially the MSEs have a vital role to play (Shiferaw, 2013).The study conducted by Kefale, & Chinnan (2012) confirm that the Micro and Small enterprises (MSEs) have a tremendous potential to generate employment for the majority of the urban labor force. They are also important sources of income not only for those people who could not find employment in other sectors but also provide cushion to falling incomes of low wage earners.

According to Gashu & Borji (2015), all economies of the world especially in developing countries of Africa like Ethiopia, micro and small enterprises are key factors for sustained growth and development. Also, they are concluded that the healthy MSE sector contributes prominently to the economy through creating more employment opportunities, generating higher production volumes, increasing exports and introducing innovation and entrepreneurship skills.

v. *Challenges of Micro and Small Enterprises*

The major constraints of MSEs are finance for initial capital and working capital, Line of credit from the suppliers, new technology to produce quality products/ give service, ability to hire qualified and professional staff for production, service and marketing (Ramakrishnan, 2013).

In Kenya three out of five micro and small businesses failed within the first few months of operation due to competition, managerial inefficiency, insecurity, debt collection, lack of working capital and power interruptions, political uncertainty, cost of materials, sellers, low demand and restrictive by-laws (Deribie, 2014). Similarly, in Ethiopia there are many internal and external challenges such as lack of finance, lack of working premise, lack of access to land affect MSE's in their operations and hinder their growth (MUDC, 2013).

According to research report conducted byAssefa, Zerfu, & Tekle (2014), thekey constraints to MSE growth are access to finance, collateral challenges, Marketing Challenges, Working and Sales Space Constraints, Capital goods and Machinery challenges, Licensing and registration challenges, Attitudinal Challenges, and Institutional Coordination Problem in Ethiopia. Moreover, Drbie ,& Kassahun (2013) studied revealed that Lack of Adequate Finance, Lack of Working Premises, Lack of Managerial and Technical Skills, Lack of Adequate Market, Inadequacy of Infrastructure Facilities, Erratic Supply of Raw Materials; Regulatory Constraints are Deterrents to the Success of Micro and Small Enterprises.

b) Empirical Studies on Loan Repayment

Nancy & Mohamed (2014) in their study on Determinants of Loan Repayment in Small Scale Enterprises in Developing Countries analyzed and identified the determinants that influence the loan repayment in developing country. They found out that personal characteristics such as education level, family size, amount of loan applied and business experience of the respondents have a positive relationship to loan repayment. Age, interest rate and change in gender had an inverse relationship to loan repayment.

The research conducted by Salem (2016) was estimated econometric model known as two limit tobit regression model of the maximum likelihood and the marginal effects was used for Determinants of Loan Repayment Performance of the Case of Micro and Small Enterprises in Dire Dawa Administration. She selected explanatory variables by broadly categorizing under Individual entrepreneur characteristics, loan specific characteristics and business related factors. A total of 12 explanatory variables were considered in the econometric model out of which five variables were found to significantly influence the loan repayment performance of MSE borrowers. These were repayment period (RP), efficient loan size (ELS), follow up and supervision (FS), business sector (SEC), and business experience (EXP). Of which, repayment period (RP) and efficient loan size (ELS) influence loan repayment performance at 10% significant level while follow up and

© 2018 Global Journals

supervision (FS), business sector (SEC), and business experience (EXP) influence repayment performance at 1% significant level. The remaining variables such as sex of borrowers (SEX), age (AGE), education level (EDUC), saving habit (SAV), training (TRA), other source of income (OI) and Revenue from the Business (RB) were found to have no significant effect on the loan repayment performance of Dire Dawa MSE borrowers. In this case, she employed information related to individual, loan and business characteristics, but she did not incorporate determinants confronting MSEs such as lack of marketing skill, lack of financial skill and planning and lack of performance monitoring in MSEs sector. Moreover, variables like lack of marketing skill, lack of financial skill and planning and lack of performance monitoring were included in this study area and analysis.

Kebede, Tegegn, & Tafese (2016) studied on the Factors Affecting Loan Repayment Performance of Small Scale Enterprises Financed by Micro Finance Institutions: Study on Private Borrowers around Wolaita and Dawuro Zone included a total of 15 explanatory variables were considered in their econometric model of two limit Tobit model. The independent variable includes Sex of household, Educational status of Household, Marital status of Household, Age of household, farming experience, household Size, dependency ratio, Tropical livestock unit, Off Farm income, Value of equipment, receiving training, Lend in group, Repayment suitability, Loan amount and Loan frequency. In the analysis of their study, six explanatory variables were found to be significant. These were sex of household revealed that from their respective sex composition, males' respondents were found having more repayment performance than female respondents, Education level was found to be positively and significantly influencing loan repayment, Number of dependents within and out house hold this variable was found to be determine negatively and significantly, Tropical livestock unit total livestock ownership is positively related to the dependent Variable, Value of equipment, repayment suitability strong and significant association between repayment period and dependent variable. In their study the remaining independent variable were insignificantly related to dependent variable of loan repayment. They were mainly depending on individual and loan characteristics, but they did not include firm characteristics. Among individual and loan characteristics Sex of household, Educational status of Household, Marital status of Household, Age of household, farming experience, household Size, dependency ratio, Tropical livestock unit, Off Farm income, Value of equipment, receiving training, lend in group, Repayment suitability, Loan amount and Loan frequency were their main focus of study.

A study conducted by Kibrom(2010) estimated Econometric Analysis Probit Model on the Determinants of Successful Loan Repayment Performance of Private Borrowers in Development Bank of Ethiopia, North Region. The independent Variable he was used were education, repayment period, other source of income, sector, purpose of the loan, type of labour, gender, household size, age, experience and loan diversion. In his result of study the Variable education has a positive sign as he was expected and statistically highly significant at 1%.The result of his study indicates that as the borrower reaches in tertiary level of education, his/her capacity to repay his/her loan successfully will increase, repayment period has a positive sign as he was expected and statistically highly significant at 1%.In his study, the result of repayment period indicates that as the borrower takes a loan that will be repaid within the medium term of repayment, his/her capacity to repay his/her loan successfully will increase, other source of income has a positive sign as he was expected and statistically highly significant at 1%.The result of his study shows that as the borrower have other source of income his/her capacity to repay his loan successfully will increase, sector has a positive sign as he was expected and statistically significant at 1%. The result of his study indicates that borrowers who engage in the service-giving sector have high probability of repaying their loan successfully relative to borrowers who engage in industry, agriculture and agro processing sectors, purpose of the loan has a positive sign as he expected and statistically significant at 1%. The result of his study shows that the probability of repaying loans successfully is higher for borrowers who use the loan for fixed investment rather than for borrowers who use the loan for working capital and for both fixed investment and working capital; type of labour has a positive sign as expected and significant at 1%. The result of his study indicates that as the borrower hires a labour his/her probability to repay his/her loan successfully is high, relative to borrowers who use family labour and the combination of family labour and hired labour. Other variables such as gender and household size have positive sign, but are not statistically significant. Moreover, variables such as age, loan diversion, other source of credit show negative sign but not statistically significant. The variable experience also statistically significant but show negative sign. In general, the study he was conducted was focused on performance and non-performance of private borrowers in Development Bank of Ethiopia in North Region of Ethiopia, but there is no indication for factors or variables that were included in this study and MSE sector.

Tadele(2014) estimated an econometric model known as binary logistic model analysis on Determinants of Microfinance Loan Repayment Performance: Case of Omo Microfinance (OMFI) in Kaffa Zone. In his model analysis, he emphasized considering the combined effect of variables between defaulters and non-defaulters' borrowers from Omo

© 2018 Global Journals

microfinance in Kaffa Zone, Ethiopia. A p-value of less than 5% was declared as significant statistical relationship between dependent (loan repayment) and independent variables. He includes a total of 12 explanatory variables considered in the economic model. Out of these eight of the variables were found to be significant at 5% significant level, while the remaining four were not significant in explaining the variations in the dependent variable. Age, sex, educational level, method of lending, other source of income before loan, suitability of installments period, loan size and timeliness of loan release included in the model were found to be have positive and statistically significant. However, the remaining four explanatory variables namely, family size, residence of borrower, distance from institution and frequency of collection had no significant effect on the probability of being defaulter. Hence, the study conducted by Tadele (2014) indicated either performance or non-performance of borrowers from Omo microfinance in Kaffa zone, and he was not included the variable that related with this study and MSE's sector as determinants of loan repayment.

In the above paragraph of the empirical study conducted in Ethiopia, there was a little study conducted in the sector of micro and small enterprise's loan repayment.

c) Knowledge Gap

As mentioned above, various researches has done on Individual/borrower's characteristics ,lender/ Institutional characteristics and firm characteristics of loan repayment such as(Salem, 2016), (Kebede, Tegegn, & Tafese, 2016),(Kibrom, 2010), and(Tadele, 2014).However, the Studies done were focused more on nonperforming loans in relation to various aspects such as credit risk, causes of non-performing loans and performance of the banking and micro finance institution, but in the literature review there is little coverage of determinants of loan repayment in the micro and small enterprises Sector in Ethiopia in relation to operational definition of this study. This study was also focused on addressing this research gap and analyzes the significant relationship between challenges confronting MSEs or firm characteristics such as Sex, Experience of respondents, lack of marketing skill, lack of performance monitoring, financial skill and planning and borrower characteristics and lack of loan repayment with ongoing practice in the study area. Therefore, having identified the research gap, this study addresses two upheaval issues to fill the gap that has not been incorporated in the past studies in Ethiopia and assess the Present Scenario of MSEs in Jimma town, Ethiopia.

d) Conceptual Frame Work

According to Jonker & Pennink (2010), conceptual model can be helpful in structuring the problem, identifying relevant factors and then providing the connections that make it easier to map and frame the problem.

The conceptual model of this study was to examine the determinants of loan repayments of MSEs in Jimma town, Ethiopia. From literature review, various empirical studies reviewed by the authors cite probable factors that influence loan repayments. This study was focused on Individual characteristics, Firm characteristics and Loan characteristics which were causes for lack of loan repayment. The following model was estimated to depict the relationship between dependent and independent variable to solve the problem of lack of loan repayment

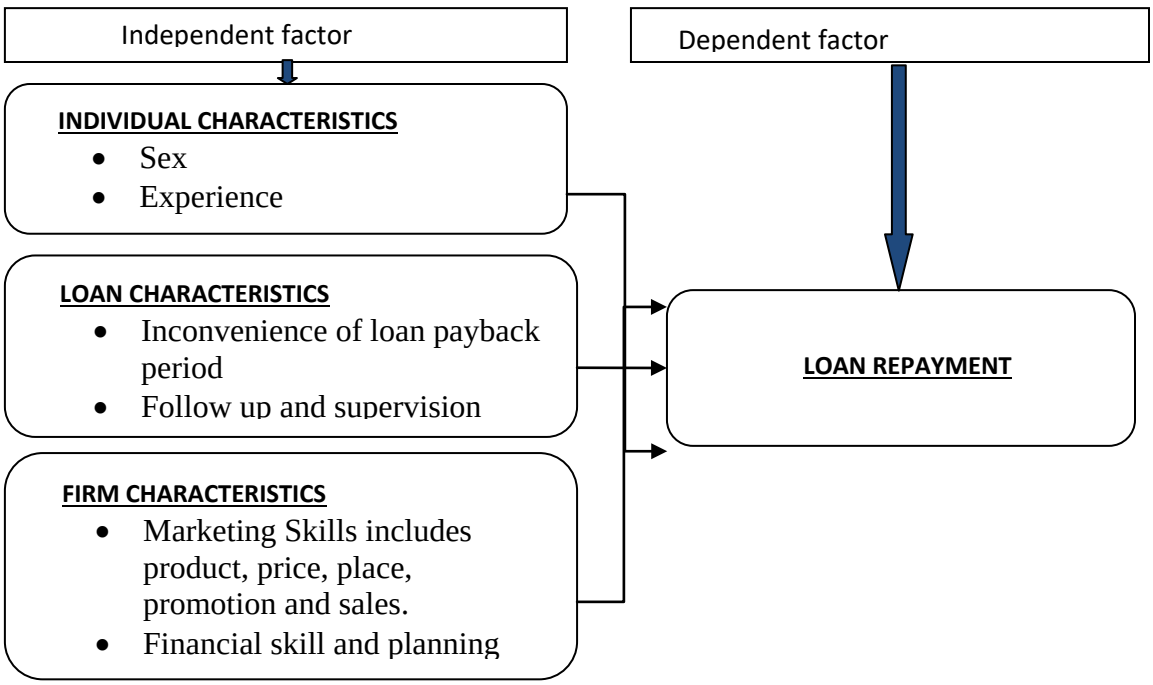


Fig.1: Conceptual Frame Work

© 2018 Global Journals
© 2018 Global Journals

IV. Methodology

a) Research Design

Based on the purpose, environment and the time required accomplishing research; this study employed descriptive study design aimed to examine determinants of loan repayment of micro and small enterprises in particular study area of Jimma town, Ethiopia. According to Kothari (2004), descriptive research studies are those studies which are concerned with describing the characteristics of a particular individual, or of a group.

b) Target Population and Study Area

The study was carried out in Jimma town, Ethiopia. The target population is finite in number those includes all MSEs in the town. The total population of MSEs in the town is 2275 and they are engaged on activities of manufacturing, construction, urban agriculture, service and Trade. All enterprises in the town are active during beginning of 2017.This population are classified into the sectors in which they are involved and the total numbers of each sectors are: manufacturing (347), construction (631), urban agriculture (187), service (578), and Trade are 532 (Jimma town MSEs Bureau, 2017).

c) Description of Sample and Sampling Procedures

i. *Sample Size Determination*

There are several approaches to determine the sample size. These include using a census for small populations, imitating a sample size of similar studies, using published tables, and applying formulas to calculate a sample size (Salem, 2016).

To determine the appropriate sample size, the basic factors to be considered are the level of precision required by users, the confidence level desired and degree of variability. The 'degree of precision' is the margin of permissible error between the estimated value and the population value. In other words, it is the measure of how close an estimate is to the actual characteristic in the population. The level of precision may be termed as sampling error. The confidence or risk level is ascertained through the well-established probability model called the normal distribution and an associated theorem called the Central Limit theorem. Normal curve results whenever there are a large number of independent small factors influencing the final outcome. The degree of variability in the attributes being measured refers to the distribution of attributes in the population. The more heterogeneous a population, the larger the sample size required to be, to obtain a given level of precision (GUMA, 2012).

In this study, Yamane (1967) formula was used so as to determine representative sample size of target population as follow:

$$n = \frac{N}{1 + N(e)2}$$

Where,
n= is sample size
N= is the population size
e= is desired level of precision

$$n = \frac{2275}{1+2275\,(0.05)^2}$$

$$n = \frac{2275}{1+2275\,(0.0025)} = 340.18691589 \approx \underline{341}$$

According to above formula this study was carried out on 341 respondents with proportional allocation of sample size to each sector, which includes manufacturing, construction, urban agriculture, service and Trade. The confidence level applied to the study is 95%, N (population size) = 2275, e (level of precision) = 5% and n = 341.

After the determination of sample size, the allocation of these sample size to each sectors of MSEs in the study area was carried out through proportional allocation method of stratified random sampling.

The proportional allocation method was originally proposed by (Bowley, 1926). In this method, the sampling fraction, *n*/ *N* is same in all strata. This allocation was used to obtain a sample that can estimate size of the sample with greater speed and a higher degree of precision. The allocation of a given sample size *n* to different stratum was done in proportion to their sizes. i.e. in the *i th* stratum(GUMA, 2012).

$$n_{i=}\ n\frac{N_i}{N}\ i = 1, 2, 3$$

Where, *n* = represents sample size, *Ni* represents population size of the ith strata, Nrepresents the population size. Hence, N = 2275, *Ni* = manufacturing (347), construction (631), urban agriculture (187), service (578), and Trade (532) and n = 341.Sample sizes of *ni* as under for each strata:

Table 1

Strata	Ni	Formula for *(ni)*	Sample size for each strata
Manufacturing	199	=341(347/2275)	52
Construction	631	=341(631/2275)	94
Urban Agriculture	187	=341(187/2275)	29
Service	578	=341(578/2275)	87
Trade	532	=341(532/2275)	79
Total	2275	341	341

ii. *Sampling Frame*

Sampling frame is the list from which a sample is drawn (Kumar, 2011). According to Kothari (2004),the elementary units or the group or cluster of such units may form the basis of sampling process in which case

© 2018 Global Journals

they are called as sampling units .In this study sampling frame was organized into homogeneous characteristics of strata before selecting elements for the sample depend on sample size as follow:

Table 2

Sectors	Population(N)	Sample(n)
Manufacturing	347	52
Construction	631	94
Urban Agriculture	187	29
Service	578	87
Trade	532	79
Total	2275	341

iii. *Sampling Technique*

The population of this study have heterogeneous characteristics among the group (strata), but homogenous within the group. In this case, from probability sampling the stratified sampling technique was applied so as to obtain a representative of the entire population. In this technique, the population was stratified into five strata and sample items were selected from each stratum, and the items selected from each stratum was based on simple random sampling or stratified random sampling with proportionate stratified sampling.

iv. *Description of the Research Instruments*

To get a well-defined and required data self-administered questionnaire was used so as to collect primary data such as Individual characteristics, loan characteristics, and Firm characteristics. The self-administered questionnaire has both open-ended and close-ended questions. The questionnaire was expected to help researcher in order to achieve the set objectives with necessary data. The designed self-administered questionnaire has three parts. The first part is close ended format and consists of the demographic profile of the respondents. The second part consists of loan characteristics of the enterprises which contain open ended and close ended. In addition, the third part contains firm characteristics with both close ended and open ended questions which help respondents to provide additional information about hindering factors of loan repayment in the study area. In general, the self-administered questionnaire was prepared in English and Afaan Oromoo to elicit the desired response and 341 questionnaires were administered and distributed to the selected respondents.

d) Description of Data Collection Procedures

This study used both quantitative and qualitative methods of data collection from primary data. The primary data was collected from owners/managers of MSEs who were included in the sample of the study. Before the questionnaires were filled by owners/managers, the enumerators were trained on technique of filling the questionnaire under close supervision of the researcher.

e) Data Analysis Techniques

i. *Descriptive Analysis*

Both qualitative and quantitative approach of data analyses were employed to examine determinants of loan repayment of MSEs by distinguish characteristics of MSEs in the study area. The study used qualitative and quantitative methods to report the findings. The quantitative analysis helped the researcher to generate descriptive statistics necessary to make deductions on characteristics of respondents, loan characteristics and firm characteristics. After a careful review of the collected data, the close ended questions was coded and entered into a computer using statistical Package for Social Science (SPSS) and analysis was carried out by SPSS software. Functions used for analysis in this study were frequency tables which incorporate the percentages used for descriptive statistics.

ii. *Econometric Model*

To examine determinants of loan repayment of MSEs, the binary logistic regression model was used to examine the relation of each factor such as Individual characteristics, loan characteristics and firm characteristics with loan repayment in the study area. This model is selected due to the nature of dependent variable of loan repayment which is dichotomous taking on two values, zero if the borrower is a defaulter and one otherwise, the dependent variable is categorical variable with only two categories 0 and 1 respectively. According to (Solomon, 2013), the estimation dichotomous values require the use of qualitative response models and the non-linear probability models, logit and probit models are the possible alternatives. However, several estimation problems arise particularly when Ordinary Least Squares (OLS) regression and linear probability models are employed (Aldrich & Nelson, 1984). The OLS regression technique, when the dependent variable is binary, produces parameter estimates that are inefficient and a heteroscedastic error results in the structure. Consequently, hypothesis testing and construction of confidence interval become inaccurate and misleading. Likewise, a linear probability model may generate predicted values outside the 0-1 interval, which violates one of the basic tenets of probability. To alleviate these problems and produce relevant empirical outcomes, the most widely used qualitative response models are the logit and probit models (Amemiya, 1981).

Regression models in which the regress and evoke a yes or no or present or absent response are known as dichotomous, or dummy, dependent variable regression models. They are applicable in a wide variety of fields and are used extensively in survey or census-type data (Gujurati, 1995). The dependent variable in this study was also a dummy variable, which takes a value of zero or one depending

© 2018 Global Journals

on whether or not the MSEs Default, but the independent variables were also categorical.

iii. *Model Specification*

As already noted, the dependent variable is a dummy variable, which took a value of zero or one depending on whether or not a borrower defaulted. However, the independent variables were also categorical in this study.

Probit and logit models are similar and yield essentially identical results. Aldrich & Nelson(1984) indicated that in practice these models yield estimated choice probabilities that differ by less than 0.02 and which can be distinguished, in the sense of statistical significance, only with very large samples. The choice between them therefore, revolves around practical concerns such as the availability and flexibility of computer programs, personal preference, experience and other facilities (Solomon, 2013).

The probit and the logit models are commonly used in studies involving qualitative choices. The probit probability model is associated with the cumulative normal probability function, whereas, the logit model assumes cumulative logistic probability distribution. The advantage of these models over the Linear Probability Model is that the probabilities are bound between 0 and 1. Moreover, they fit best the non-linear relationship between the probabilities of the dependent variable and the explanatory variables, that is one which approaches zero at slower and slower rates as an explanatory variable (Xi) gets smaller and smaller and approaches one at slower and slower rates as Xi gets larger and larger. (Gujarati, 1988);(Feder, Just, & Zilberman, 1985), (Aldrich & Nelson, (1984)and (Maddala, 1983) have recommended probit model for functional forms with limited dependent variables that are continuous between 0 and 1, and logit models for discrete dependent variables (Solomon, 2013).Then, the binary logistic model is appropriate for this study and cumulative logistic probability model is econometrically specified as follows:

$$Pi=F(Zi)=F(\alpha+\sum \beta iXi)=\frac{1}{1+e^{-zi}} \quad (1)$$

Where, **Pi** is the probability that an individual will make a certain choice (default or does not default) given Xi **e** denotes the base of natural logarithms, which is approximately equal to 2.0718;

Xi represents the i^{th} explanatory variables; and **α** and **βi** are parameters to be estimated

According to Hosmer & Lemeshew (1989), the binary logistic model could be written in terms of the odds and log of odds, which enables one to understand the interpretation of the coefficients. The odds ratio implies the ratio of the probability (Pi) that an individual would choose an alternative to the probability (1-Pi) that he/she would not choose it.

$$(1Pi)=\frac{1}{1+e^{zi}} \quad (2)$$

Therefore,

$$\frac{(Pi)}{(1-Pi)}=\frac{1+e^{-zi}}{1+e^{zi}}=e^{z} \quad (3)$$

Or,

$$\frac{(Pi)}{(1-Pi)}=\frac{(1+e^{-zi})}{(1+e^{zi})}=e^{(\alpha+\sum \beta iXi)} \quad (4)$$

Taking the natural logarithm of the equation(4)

$$Zi=Ln\frac{(Pi)}{(1-Pi)}=\alpha+\beta1X1+\beta2X2+\ldots+\beta mXm \quad (5)$$

Description of the Dependent variables together with their expected models was given below: Dependent variable (LR): is defined as the loan repayment of MSEs, which is a dummy variable taking a value Zero if the MSEs is defaulter and one otherwise.

LR= loan repayment (LR) = (0=yes if defaulter, 1 otherwise)

$$LR = f(Sex, Experien, ILPP, LMS, LFSP, FS) \quad (1)$$

$$LR=\alpha+\beta1Sex+\beta2Experien+\beta3ILPP+\beta4LMS+\beta5LFSP+\beta6FS+e$$

Where,

Sex= Sex of respondents

0 if sex of respondents are Male 1= otherwise

Experien = Experience

0 = if respondents are experienced 1 = otherwise

ILPP = Inconvenience of loan payback period

0=yes if suitable repayment period 1= otherwise

LMS=Lack of Marketing Skills

0=yes if manager/owner have Marketing Skills 1= otherwise

LFSP=Lack of financial skill and planning

0= yes if borrower keeps financial records 1= otherwise

FS=Follow up and supervision

0= yes if adequate supervision visits made to a borrower 1= otherwise

© 2018 Global Journals

V. Result and Discussion

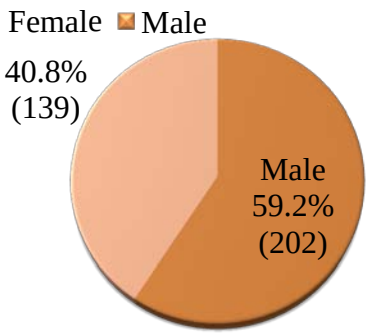
The study examined the effect of the Individual characteristics, Loan characteristics and Firm characteristics on Loan repayment of Micro and Small Enterprises in Jimma town, Ethiopia. To processing and analyzing the data which were collected in previous chapter, both descriptive and logistic regression analysis was used. This study also discusses and analyzes effect of dependent variable on independent variable to examine whether one or more independent variables influence the dependent variable by using the statistical package for social sciences (SPSS) version 20 in order to obtain valid and reliable data.

a) Descriptive Results

i. *Individual Characteristics*

a. *Sex of Respondents*

The following Figure shows gender categories of the respondents from total 341 samples taken. This is important to know sex category of the respondents along with their involvement, management and participation of owners/managers of Micro and Small Enterprises.



Source: survey data, 2017

Figure 2: Sex of Respondents

As shown in Figure 4-1 above, from total of 341 sample participants 59.2 %(202) are males, and40.8 % (139) are females. This indicated that there are more males than females' participants in involvement and management of enterprises.

b. *Age of Respondents*

The Age of respondents determines ability of respondents that they have towards subject of the study, or to understand in detail about their business activity.

Table 3: Age of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 30	114	33.4	33.4	33.4
	31-40	129	37.8	37.8	71.3
	41-50	88	25.8	25.8	97.1
	51-60	10	2.9	2.9	100.0
	Total	341	100.0	100.0	

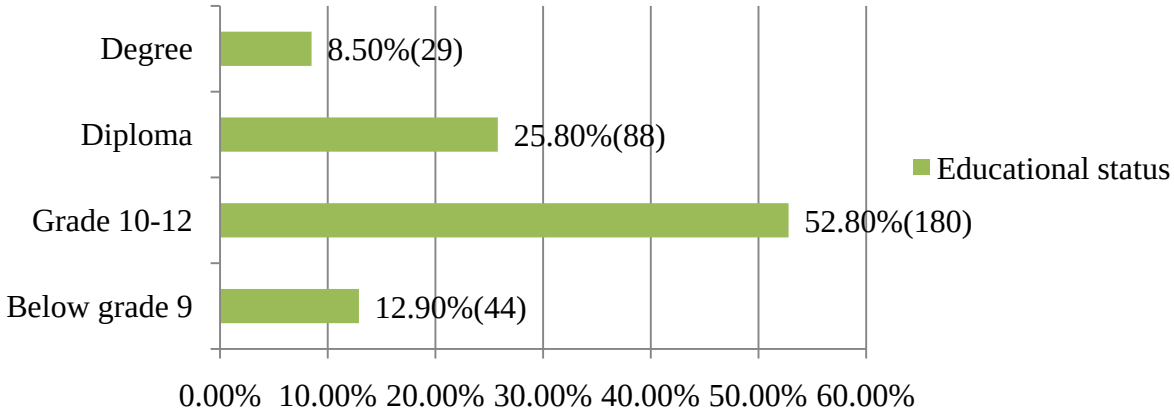
Source: survey result, 2017

According to Table 4-1 above, the age of respondents are divided into four parts, the participants below age of 30 are 114 in number (33.4%), within 31-40 are 129 in number (37.8%),within 41-50 are 88 in number(25.8%),and within 51-60 are 10 in number(2.9%).This shows that the large number of owners or managers of micro enterprises are within age of 31-40 years, the second largest group of age are below 30 years, the third are within 41-50,and the small number of age group are within 51-60 years.

c. *Educational Status of Respondents*

Educational status of respondents needed to know the educational qualifications of the respondents because education level is a predictor of the ability to understand well the questions rose in the study. Therefore the following Figure shows the educational level of respondents.

© 2018 Global Journals



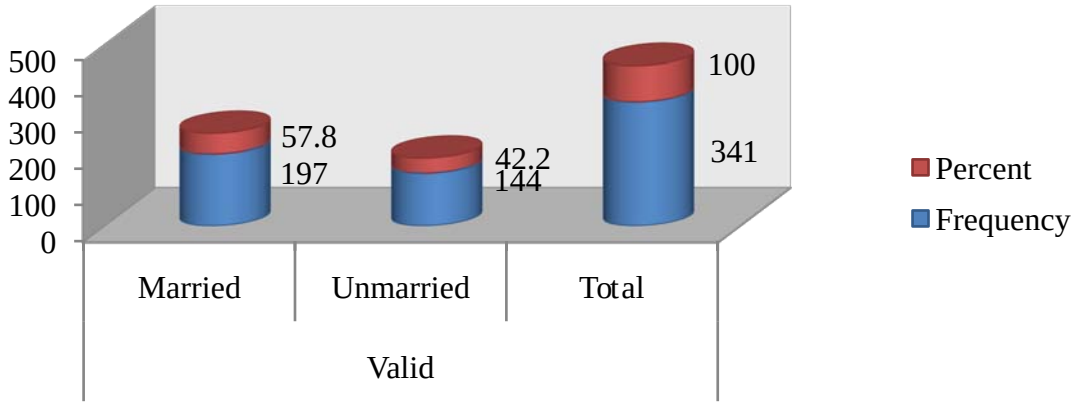
Source: Survey result, 2017

Figure 3: Educational status of respondents

Figure 4-2 above shows that the educational status of micro and Small enterprise's owners and managers. From 341 owners and managers 44 of them were below grade 9(12.9%), 180(52.8%) were Grade 10-12, 88(25.8%) were Diploma holders, and 29(8.5%) of them were Degree holders respectively. This reveals that most of owners or managers of enterprises have completed Grade 10 and12, and also the Figure indicated that all participants of the study were literate respondents.

d. *Marital Status of Respondents*

The following Figure 4-3 helps to identify married respondents from unmarried respondents because the time of planning and controlling business activities by married was not suitable than unmarried. As indicated in the following figure out of 341(100%) respondents 197(57.8%) are married and 144(42.2%) are unmarried.



Source: own survey, 2017

Figure 4: Marital status of respondents

The result of analysis from Figure 4-3 shows that out of 341(100%) of respondents 197(57.8%) are married and 144(42.2%) are unmarried. This indicated that the MSEs Managers or owners were shared their full ideas or thought's to home. In other words, the time of planning and controlling business activities by married respondents are not suitable than unmarried.

e. *Experience of Respondents*

The respondents who have more experience before join micro and Small enterprise in their business activities are more effective and profitable than inexperienced respondents as shown in the following table. This indicated that the experienced respondents had more capability for loan repayment than inexperienced respondents.

© 2018 Global Journals

Table 4: Experience of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	239	70.1	70.1	70.1
	No	102	29.9	29.9	100.0
	Total	341	100.0	100.0	

Source: Survey result, 2017

Table 4-3 result shows the business experience of respondents. Out of 341 samples taken 239 in number (70.1%) have experience while 102 in number (29.9%) have not experience before joining current business enterprises. This shows that most of the owners or managers of enterprises were experienced, and it indicated that the enterprises in the town were running by well experienced owners or managers. It had value for effectiveness of business activities.

b) Results of Econometric Model

In this section of study the econometric model known as binary Logistic regression was employed in order to analyzing determinants which impeding loan repayment of micro and small enterprises in Jimma town, Ethiopia. Binary logistic regression model was used to analysis the effect of the explanatory variable on dependent variable, variation, relationships and strengths between the dependent and independent variables. Among the variables sex, experience, Inconvenience of loan payback period (ILPP), Lack of Marketing Skills (LMS), Lack of financial skill and planning(LFSP)and also Follow up and supervision (FS)were independent variable whereas loan repayment was dependent variable.

Table 5: Classification Table Classification Table[a,b]

	Observed		Predicted		
			Have you ever failed to repay according to the schedule?		Percentage Correct
			Yes	No	
Step 0	Have you ever failed to repay according to the schedule?	Yes	296	0	100.0
		No	45	0	.0
	Overall Percentage				86.8

a. Constantis included in the model. b. The cut value is.500

Table 4-23 above shows that the percentage accuracy in classification **(PAC)** is 86.8%, which reflects the percentage of cases that can be correctly classified as "Yes" credit default with the independent variables added, and the remaining 13.2% were non-default classification. The estimated probability of the event occurring is greater than cut value of 0.5 or 50%. The result from above table indicated that credit default was occurring by greater than 50% out of 100%.

Table 6: Omnibus Tests of Model Coefficients

		Chi-square	Df	Sig.
Step 1	Step	152.041	6	.000
	Block	152.041	6	.000
	Model	152.041	6	.000

The Omnibus Tests of Model Coefficients is used to check that the new model (with explanatory variables included) is an improvement over the baseline model. It uses chi-square tests to see if there is a significant difference between the Log-likelihoods (specifically the -2LLs) of the baseline model and the new model. If the new model has a significantly reduced -2LL compared to the baseline then it suggests that the new model is explaining more of the variance in the outcome (Laerd, 2017). The logistic regression model was statistically significant, χ^2 (6, N=341) = 152.041, p <0.001, indicating that the model was able to identify determinants for credit default.

Table 4 1: Model summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	114.011[a]	.360	.664

c) Estimation terminated at iteration number 9 because parameter estimates changed by less than .001.

The Model Summary of Table 4-25 provides the -2LL and pseudo-R^2 values for the full model. The -2LL value for this model (114.011) is what was compared to the -2LL for the previous null model in the 'omnibus test of model coefficients' which told us there was a significant decrease in the -2LL, i.e. that our new model (with explanatory variables) is significantly better fit than the null model. The R^2 values tell us approximately how much variation in the outcome is explained by the model. The model explains between 36% and 66.4% of the variance in dependent variable is explained by independent variable.

Table 7: Hosmer and Lemeshow Test

Step	Chi-square	Df	Sig.
1	2.075	8	.979

© 2018 Global Journals

As shown on the *Hosmer & Lemeshow test,* the goodness of fit suggests the model is a good fit to the data as p=0.979 (*>.05)*.

Table 4 2: Variables in the Equation

		B	S.E.	Wald	Df	Sig.	Exp(B)
Step 1[a]	Sex1	3.669	1.080	11.548	1	.001	39.201
	Experien6	3.662	.685	28.535	1	.000	38.926
	ILRP1o11	-4.399	1.097	16.074	1	.000	.012
	LMSK1o32	2.595	.800	10.531	1	.001	13.397
	LFSP1o36	-3.132	.756	17.153	1	.000	.044
	FS2o20	2.165	.666	10.583	1	.001	8.715
	Constant	-5.687	1.143	24.754	1	.000	.003

i. *Variable(s) entered on step 1: Sex1, Experien6, ILRP1o11, LMSK1o32, LFSP1o36, and FS2o20.*

A variable in the following Equation shows the regression function of logistic regression model and the 'B' values are the logistic coefficients that can be used to create a predictive equation.

$$\text{Logit } (\underline{Pi}) = -5.687 + 3.669*x1 + 3.662*x2 - 4.399*x3 + 2.595*x4 - 3.132*x5 + 2.165*x6$$
$$(1\text{-}Pi)$$

As shown in Table 4-27, all independent variable Sex, Experience, inconvenience of loan payback period (ILPP), Lack of Marketing Skills (LMS), Lack of financial skill and planning(LFSP)and Follow up and supervision (FS) made a statistically significant category since p value (Sig.) is less than 0.05, for each of the coefficients in the logistic regression model.

The Exp (B) column in the table presents the extent to which raising the corresponding measure by one unit influences the odds ratio and can be interpreted in terms of the change in odds. If the value exceeds 1 then the odds of an outcome occurring increase; if the figure is less than 1, any increase in the predictor leads to a drop in the odds of the outcome occurring (Robert & Richard, 2017).

In the above table, Exp (B) value associated with Sex is 39.201, indicating when Sex of respondents is raised by one unit (percent) the odds ratio is 39.201 more times likely to be "Male" category. The study revealed that the coefficient of sex of respondents is positive hence an indication that sex of Male respondents negatively affects loan repayment by Micro and small enterprises and which indicates that the log odds that a ratio of male to female is more times higher for loan repayment as compared to females owners or managers .

The odds ratio of 38.926 was greater than 1 for Experience of respondents, indicating when experience of respondents is raised by one unit, the odds ratio is38.926 more times likely to be "Yes" category. Coefficient with loan repayment which is an indication that Experience positively influences loan repayment by micro and small enterprises.

Inconvenience of loan payback period (ILPP) is .012.The odds ratio of .012 was less than 1,indicating when inconvenience of loan payback period is raised by one unit (one person) the odds ratio is .012 times less likely found to be "No" category. The result indicated that inconvenience of loan payback period (ILPP) inversely influence loan repayment of borrower hence as major determinants of loan repayment by Micro and small enterprises.

The odds ratio of 13.397was greater than 1 for lack of marketing skills (LMS), indicating when lack of marketing skills is raised by one unit (percent) the odds ratio is 13.397more times likely to be "Yes" category. Lack of Marketing Skills (LMS) has a positive coefficient with loan repayment which is an indication that Lack of Marketing Skills (LMS) positively influences loan repayment by micro and small enterprises.

The odds ratio .044 was less than 1 for Lack of financial skill and planning(LFSP), indicating that for every additional 1 unit the odd ratio is .044 times less likely found to be "No" category. Coefficient of Lack of financial skill and planning (LFSP) is negative hence an indication that Lack of financial skill and planning(LFSP) negatively effects loan repayment by Micro and small enterprises in Jimma town, Ethiopia. Thus, the study concludes that Lack of financial skill and planning (LFSP) inversely affect loan repayment by Micro and small enterprises.

The odds ratio of 8.715 for Follow up and supervision (FS) is greater than 1, which indicated for one unit raise person odds ratio, is 8.715more times likely to be "Yes" category. Follow up and supervision (FS) is also among the factors that was, as expected, positively and significantly affected loan repayment of MSEs. As the result indicated follow up and supervision given by MSE borrowers increases the probability of loan default by 8.715.

© 2018 Global Journals

VI. Summary, Conclusion and Recommendation

This chapter reports the summary, conclusions and recommendations that resulted from preceding chapter of study section.

a) Summary of Finding

The overall purpose of this study was to examine the determinants of loan repayment of micro and small enterprises in Jimma town, Ethiopia. Based on purpose of study the dependent variable was loan repayment whereas independent variable such as Individual characteristic, loan characteristics and Firm characteristics were included in the study. Descriptive statistics and binary logistics model were used to analyze the data collected from 341sample respondents, and analyzed data has identified the following finding.

- Majority 202(59.2%) of MSE's owners/Managers and the business activities in Jimma town are run by men; and 129 in number (37.8%) of the study samples fall within the age's category of 31-40 years
- Around 180(52.8%) of the participants have completed Grade 10-12; and large numbers 147(43.1%) of owners/managers live in Jimma town within range between 4-6 years and 197(57.8%) were married whereas144 (42.2%) were unmarried.
- Majority of 239 (70.1%) owners/managers have experience before joining current business enterprises, and 225(77.6%) of respondents were borrowed Money from Micro finance institution, however, 65 respondents (22.4%) were borrowed from bank as well as 160 (46.9%) used the loan provided by bank or microfinance institution for intended purpose while 181 respondents (53.1%) did not used for intended purpose.
- Majority 229(67.2%) of loan borrowed from micro finance institution repaid within the specified time period, however, the rest 112(32.8%) did not repaid within time period, and (38.2%) respondents preferred semiannually were suitable time period for repayment of loan.
- Majority 296(86.8%) of them were failed to repay the borrowed amount of money from either banks or microfinance institutions, and the rest 45(13.2%) did not failed according to the scheduled time period, and 91 respondents (30.7%) failed once to repay loans borrowed from start up of their business activities, and the rest 205 (69.3%) were failed two and more than twice. Around 66 (22.3%) respondents taken market problem for lack of loan repayment, 126 respondents (42.6%) taken a technical problem for reason of failure, 99 respondents (33.4%) taken working capital shortage, and others 5 respondents (1.7%) were not interested to explain reason of failure.
- Majority 143 (41.9%) were repay their loan by diversion of short term loan into long term loan balance, 86 respondents (25.2%) repay their overdue loan balance by sell of property and the remain 7 respondents (2.1%) were not interested to responded the mechanism to repay overdue balance. Out of 341(100%) participants, most of 158 (46.3%) respondents were visited by credit officers while the rest 183 respondents (53.7%) were not visited by credit officer for their business activities, and most of 292(85.6%) respondents were supervised, followed and evaluated by responsible body who lends money for borrowers, however, the rest of 49 respondents (14.4%) were not supervised, followed and evaluated by responsible body(either banks or micro finance institution),and also195 respondents (57.2%) were satisfied by service provided from banks and micro finance institution. Hence, the remaining 146 respondents (42.8%) were not satisfied by service provided from banks and micro finance institution.
- Majority 201 (58.9%) respondents answered that their enterprises were employed less or equal to 5 employees, and the rest 140 respondents (41.1%) were stated that their enterprises employed greater than 5 employees, and most of 164 (48.1%) managers have from 2-5 years experience. In addition, those managers 135 (39.6%) were largely employed hired labour.
- According to output of SPSS from 341(100%) selected sample enterprises, majority of 94 respondents (27.6%) were engaged in the construction sector and 87 respondents (25.5%) were engaged in the service sector, 79 respondents (23.2%) were engaged in the trade sector, 52 respondents (15.2%) were engaged in the manufacturing sector and 29 respondents (8.5%) were engaged in the urban agriculture respectively. Moreover, 276 respondents (80.9%) have marketing skills while the rest of 65 respondents (19.1%) have not marketing skill in promoting and other marketing variable such as place, sales, prices and product.
- Majority 177 (51.9%) of respondents were attended in different financial literacy training whereas 164(48.1%) were not attended in financial literacy among members enterprises.
- The binary logistic coefficient is expressed in the exponentiation of the B coefficient (Exp (B)), which is an odds ratio. This value is given by default because odds ratios can be easier to interpret than the coefficient, which is in log-odds units. In this case, Exp (B) value associated with Sex is 39.201, indicating when Sex is raised by one unit (percent) the odds ratio is 39.201more times likely to be "Yes" category. The odds ratio of 38.926 was greater than 1 for Experience of respondents, indicating when

© 2018 Global Journals

experience of respondents is raised by one unit, the odds ratio is38.926 more times likely to be "Yes" category. Inconvenience of loan payback period (ILPP) is .012.The odds ratio of .012 was less than 1,indicating when inconvenience of loan payback period is raised by one unit (one person) the odds ratio is .012 times less likely found to be "No" category. The odds ratio of 13.397was greater than 1 for lack of marketing skills (LMS), indicating when lack of marketing skills is raised by one unit (percent) the odds ratio is 13.397more times likely to be "Yes" category. The odds ratio .044 was less than 1 for Lack of financial skill and planning (LFSP), indicating that for every additional 1 unit the odd ratio is .044 times less likely found to be "No" category. The odds ratio of 8.715for Follow up and supervision (FS) is greater than 1, which indicated for one unit raise person odds ratio is 8.715 more times likely to be "Yes" category.

VII. Conclusion

This study was trying to cover the Demographics characteristics, loan characteristics and Firm characteristics which affecting loan repayment of Micro and small enterprises in Jimma town, Ethiopia. Specifically, the variable such as Sex, Experience, inconvenience of loan payback period (ILPP), Lack of Marketing Skills (LMS), Lack of financial skill and planning (LFSP), and Follow up and supervision (FS).

A result from sample taken revealed that the involvement of women in ownership and management of MSE'S is less than men in the study area. Hence, by reduce such gap the empowerment of their participation in business activities has great role for productivity and stronger economic growth of the country. Majority of respondents were youths who have considerable contribution for growth of each sector and to reduce urban unemployment. Most of owners/managers of enterprises completed grade ten and twelve which helps and allowing them to running their business in well planned and organized manner such as look competitors, Customer wants and needs, cash flow management and preparation of business plan. The majorities of owners/managers selected for this study were married which indicated the probability of devoting full work time for married respondents were less than unmarried because they share their time to home and other food stuff.

The main sources of initial capital for MSE's happened to be microfinance institution followed by bank and own capital. This study reveal that majority of MSE's repay loan within the specified time period because of obligation, however, the time period given was not enough to repay loan within time period, and most of them preferred semiannual time period for loan repayment rather than weekly, monthly and quarterly. Thus, majority of respondents were failed to repay loan because of market problem, technical problem and working capital shortage. In contrast, to repay such loan majority used mechanism of loan diversion from short term loan into long term loan balance, change of the site of enterprise and sell of property respectively. Most of enterprises visited by credit officer, and also supervised, followed and evaluated by responsible body that lends money for borrowers. Moreover, they were satisfied by service provided from banks and micro finance institution. Inversely, some remaining enterprises were not visited by credit officer, and supervised, followed and evaluated by responsible body and also unsatisfied by service provided from banks and micro finance institution.

The study revealed that the coefficient of sex of respondents is positive hence an indication that sex of respondents negatively affects loan repayment by Micro and small enterprises in Jimma town, Ethiopia. Thus, the study concludes that sex of respondents positively influence loan repayment hence a major determinants of loan repayment by Micro and small enterprises in Jimma town, Ethiopia.

The study result established that Experience of respondents have a positive coefficient with loan repayment which is an indication that Experience positively influence loan repayment by micro and small enterprises in Jimma town, Ethiopia. Therefore, this study concludes that Experience of respondents affect loan repayment hence determinant that impeding loan repayment by Micro and small enterprises in Jimma town, Ethiopia.

The study revealed that the coefficient of inconvenience of loan payback period (ILPP) is negative hence an indication that inconvenience of loan payback period (ILPP) negatively affects loan repayment by Micro and small enterprises in Jimma town, Ethiopia. Thus, the study concludes that inconvenience of loan payback period (ILPP) inversely influence loan repayment hence a major determinants of loan repayment by Micro and small enterprises in Jimma town, Ethiopia.

The study findings established that Lack of Marketing Skills (LMS) have a positive coefficient with loan repayment which is an indication that Lack of Marketing Skills (LMS) positively influence loan repayment by micro and small enterprises in Jimma town, Ethiopia. Therefore, this study concludes that Lack of Marketing Skills (LMS) affect loan repayment hence determinants that impeding loan repayment by Micro and small enterprises in Jimma town, Ethiopia.

The study established that the coefficient of Lack of financial skill and planning (LFSP) is negative hence an indication that Lack of financial skill and planning (LFSP) negatively effects loan repayment by Micro and small enterprises in Jimma town, Ethiopia. Thus, the study concludes that Lack of financial skill and

© 2018 Global Journals

planning (LFSP) inversely affect loan repayment by Micro and small enterprises in Jimma town, Ethiopia.

The study findings established that Follow up and supervision (FS) have a positive coefficient with loan repayment which is an indication that Follow up and supervision (FS) positively influence loan repayment by micro and small enterprises in Jimma town, Ethiopia. Therefore, this study concludes that Follow up and supervision (FS) affect loan repayment hence determinant that impeding loan repayment by Micro and small enterprises in Jimma town, Ethiopia.

VIII. Recommendation

Based on summary and conclusion elicited from samples selected, the following recommendations are forwarded.

- The involvement of women in ownership and management of MSE's is less than men in the town. In this case, the equality between women and men should be improved because employment of women in leading positions have great role to create strong base industrial development ,reducing poverty, promoting sustainable development and have better performance for business activities with higher profitability. The government and other concerned body should encourages the women participation in different socio-economic activities by providing access to modern technology, gender equality policy in the work place, supply chain and the community guidance for society are cure for sustainable development of Economy.
- Most of participants in this study were adult and youth. Both adult and youth are leaders of tomorrow, social actors of change and progress. However, the widespread of unemployment influences those adults and youth to achieve the indicated mission. Hence, to alleviate unemployment problem Micro and small enterprises have identified by the government as main source of employment and job creation. Even if Micro and small enterprises taken as alternatives by government for employment and job creation, there are many bottlenecks which challenge the growth of enterprises such as Lack of the necessary support institutions, Lack of access to finance, Lack of access to market, Lack of the necessary managerial knowledge and skills, Poor infrastructural facilities, Shortage of raw materials, Regulatory problems and lack of loan repayment. Among determinants impeding loan repayment such as Sex, Experience, Inconvenience of loan payback period, Lack of Marketing Skills, Lack of financial skill and planning and Follow up and supervision were identified in the study. As a result, in order to solve such problem the following measure should be taken by government and other concerned body.

i. The Town of MSEs bureau should be communicate and integrate with the federal government to create linkages between the banks (micro finance institution) and MSE's because for setting suitable payback periods.
ii. Experience sharing activities on Marketing Skills should be set by bureau of MSEs to support institutions with the integration of MSE's operators; and this helps how to acquire better knowledge and experiences from each other.
iii. Financial skill and planning should be improved. The MSEs owners/managers and members of enterprises should be trained, traditional work routine should be eliminated, and hire qualified personnel. Develop transparency, responsibility among official and workers.
iv. The Town of MSEs bureau, banks and micro finance institutions should develop means of support and take close control, continuous follow up and supervision. To solve the problem of loan repayment by MSEs. Otherwise, their growth and loan repayment prolonged for longer time.
v. Finally to promote the MSEs activities and their loan repayment in the town, the town administration should provide incentive like tax free for some limited time, excess land for working area, promote market system and investment opportunity within the city by developing website, by using international channel.

References Références Referencias

1. (n.d.).Retrieved December 2016, from http://www.awib.org.et/currency/news/item/687-implementation-success-and-challenges-of-micro-and-small-entet-prises-mses-development-in-ethiopia.html
2. Addae-Korankye, A. (2014). Causes and Control of Loan Default/Delinquency in Microfinance Institutions in Ghana. *American International Journal of Contemporary Research, 4* (12), 36-45.
3. Aldrich, J., & Nelson, F. (1984). *Linear Probability, Logit and Probit Models:.* New Delhi: Sage Pub. Inc; University of Minnesota and Iowa.
4. Alex, A.-K. (2014). Causes and Control of Loan Default/Delinquency in Microfinance Institutions in Ghana. *American International Journal of Contemporary Research, 4* (12), 36-45.
5. Amemiya,. T. (1981). Qualitative Response Model: A Survey. *ournal of Economic Literature,*19.
6. Ameyaw-Amankwah, I. (2011). *Causes and Effects of Loan Defaults on the profitability of Ok omfo Anokye Rural Bank.* Kwame Nkrumah university of Science and technology, Kumasil. Kumasi: Kwame Nkrumah University of Science and Technology.
7. Anthony Kusi, C. N.-W. (2015). Exploring the Factors That Hinder the Growth and Survival of Small Businesses in Ghana (A Case Study of Small Businesses within Kumasi Metropolitan Area).

© 2018 Global Journals

American Journal of Industrial and Business Management, 5, p.707.
8. Asma, D. A. (2015). Establishing the Factors Affecting the Growth of Small and Medium-sized Enterprises in Algeria. *American International Journal of Social Science, Vol. 4, No. 2*, 104-108.
9. Assefa, B., Zerfu, A., & Tekle, B. (2014). *Identifying Key Success Factors and Constraints of Ethiopia's MSE Development: An Exploratory Research.* EDRI Research Report 18. Addis Ababa: Ethiopian Development Research Institute.
10. BOFED. (2017). Retrieved from http://www. Oromia-bofed.gov.et/index.php? option=com_ content & view=category &layout=blog & id=45 & Itemid=62
11. Bowley. (1926). Measurements of precision attained in sampling. Bull. Int. Stat. Inst. *BOWLEY, A. L. Measurements of precision attained in sampling. Bull. Int. Stat. Inst., , v.22*.
12. Burns, R. B., & Burns, R. (n.d.). Retrieved 2017, fromhttp://www.uk.sagepub.com/burns/http://www.uk.sagepub.com/burns/website%20material/Chapter%2024%20-%20Logistic%20regression.pdf
13. CSA. (2007). *Centeral Staticstics Agency.* Addis Ababa: CSA.
14. Deribie, M. (2014). *Practices and Challenges of Micro and Small Scale Enterprises in the Case of Selected Districts in Akaki kality Sub-City.* St. Mary's University, Addis Ababa.
15. Drbie, M., & Kassahun, T. (2013). Deterrents to the Success of Micro and Small Enterprises in Akaki-Kality Sub-City. *JBAS , Vol.5* (No. 2).
16. EEA. (February 2015). *Small and Micro Enterprises (SMEs) Development in Ethiopia:Policies, Performances, Constraints and Prospects.* Addis Ababa: EEA.
17. Etay, s. (2013). *Factors influencing formal loan repayment performance of urban women in Tigray, A case study of Dedebit credit and saving institution, Adwa town woreda.* Mekelle University, Economics.
18. Feder, G., Just, R., & Zilberman, D. (1985). *Adoption of Agricultural Innovation in Developing Countries: A Survey World Bank Staff Working Papers.* Washington DC: The World Bank.
19. Gashu, M., & Borji, D. B. (2015). factos affecting access to finace with reference to micro and small enterprise in Dilla town, Ethiopia. *PEZZOTTAITE JOURNALS, 4* (2), 1680-1687.
20. Gebeyehu, A. (2002). *Loan repayment and its Determinants in Small Scale Enterprise Financing in Ethiopia :Case of Private Borrowers Around Zeway Area.* Addis Ababa university, Addis Ababa.
21. Gujarati, D. N. (1988). *Basic Econometrics* (Vol. Second edition). New York, U.S.A: McGraw-Hill Book Company.
22. Gujurati, D. N. (1995). *Basic Econometrics* (Vol. Third edition). New York: McGraw-Hill Book Company.
23. GUMA. (2012). Retrieved from https://www.google.de/search?client=opera&hs=nvU&q=Importance+of+the+size+of+sample+and+its+determination+in+the+context+of+data+related+to+the+schools+of+Guwahati+which+was+published+in+the+Bulletin+of+the+Gauhati+University+Mathematics+Association+Vol.+
24. Hosmer, D., & Lemeshew, S. (1989). *Applied Logistic Regression.* New York: A Wiley-Inter-science Publication.
25. *investopedia*. (2016). Retrieved from http://www.investopedia.com/terms/m/microenterprise.asp#ixzz4THSZvSTQ
26. Jan, J., & Bartjan, P.
27. Jonker, J., & Pennink, B. (2010). *The Essence of Research Methodology.* Verlag Berlin Heidelberg: Springer.
28. Joseph, K. N., John, P. T., & Kala, G. (2013). FINANCING SMALL AND MEDIUM ENTERPRISES (SMES) IN GHANA:CHALLENGES AND DETERMINANTS IN ACCESSING BANK CREDIT. *International Journal of Research In Social Sciences Vol. 2* (3).
29. Kebede, M., Tegegn, T., & Tafese, T. (2016). Factors Affecting Loan Repayment Performance of Small ScaleEnterprises Financed by Micro Finance Institutions: Study onPrivate Borrowers around Wolaita and Dawuro Zone. *Global Journal of Management and Business Research: CFinance, 16* (7), 55-63.
30. Kefale, M., & Chinnan. (2012). Employment growth and challenges in small and micro enterprises Woldiya, North East Amhara region,Ethiopia. *Educational Research and Essays/Wudpecker Research Journals, 1* (2), pp. 21 - 26.
31. Kibrom, T. (2010). *Determinants of successful loan repayment performance of private borrowers in Development bank of Ethiopia,North region.* Mekelle University, Management. Mekelle: Mekelle University.
32. Kothari. (2004). *Research methodology.* New Delhi: New age international.
33. Kumar, R. (2011). *Research Methodology: A step-by-step guide for beginners.* New Delhi: Sage Publications Inc.
34. Laerd. (2017). Retrieved from www.laerdstatics.com
35. Maddala, G. (1983). *Limited Dependent and Qualitative Variables in Econometrics.* New York: Cambridge University Press.
36. Mezgebe, W. (2012). *Problems of Micro and Small enterprises in Addis Ababa: The case of Kirkos,Kolfe,and Yeka subcities.* Addis Ababa University, Department Management, Addis Ababa.
37. Million, S. (2012). *Factors affecting loan repayment performance of Smallholder farmers in Eastern Hararghe, Ethiopia.* University of Nairobi. Nairobi: University of Nairobi.

© 2018 Global Journals

38. Million, T. (2014). *Assessment of policies and practices of doing business in Ethiopia.* Addis Ababa: Addis Ababa University.
39. Mosisa, T. (2011). *Accounting Practices of Small and Medium Sized Enterpriss and its effect on access to finance in Addis Ababa.* Addis Ababa University, Department of Accounting, Addis Ababa.
40. MoUDHC. (2016). *Minister of Urban Develpment and House construction yearly report.* Addis Ababa: MoUDHC.
41. MUDC. (2013). *Survey on Micro and Small Enterprises (MSEs) in Selected Major Cities of Ethiopia.* MUDC.
42. Mukono, A. (2015). *Determinants of loan repayment by small and medium enterprises in Nairobi Country, kenya.* University of Nairobi, School of Business, Nairobi.
43. Ramakrishnan, D. R. (2013). *SMEs –The SMART Enterprises.* Retrieved from Electronic copy available at: http://ssrn.com/abstract=2324874
44. Robert, B., & Richard, B. (2017). Retrieved from http://www.uk.sagepub.com/burns/website%20material/Chapter%2024%20-http://www.uk.sagepub.com/burns/%20Logistic%20regression.pdf
45. Salem, A. A. (2016). *Determinants of Loan Repayment Performance: The Case of Micro and Small Enterprises in Dire Dawa Adminstration.* Haramaya University, School of Agricultural Economics and Agribusiness).
46. Shantanu, & Londhe. (2014). Micro Entrepreneurship: Sources of Finance & Related Constraints. *Procedia Economics and Finance 11 (2014) 775 – 783* , p.1.
47. Sherrard, M. S. (2010). *Financial Capability: What is it, and How can it be Created ?* University of Missouri – St. Louis, Center for Social Development. New York: Oxford University Press.
48. Shide, A. (25 March 2012). Small and Medium Enterprises (SMEs) as Drivers of Productive Capacity and Job Creation. *The Economic and Social Council (ECOSOC) High Level Africa Regional Consultation.* Addis Ababa.
49. Shiferaw, D. (2013). Socio-economic Contributions of Micro and Small Enterprises: The Case of Jimma City. *Science, Technology And Arts Research Journal , 2* (2), pp. 123-134.
50. Siyum, M. (2015). *The Role of Micro and Small Scale Business Enterprises in Urban Poverty Alleviation: A Case Study on Cobble Stone Paving Sector in Addis Ababa City.* Addis Ababa: Addis Ababa University.
51. Solomon, E. T. (2013). *Factors Influencing Formal Loan Repayment Performance of Urban Womenin Tigray: A Case Study of Dedebit Credit and Saving Institution, Adwa Town.* Mekelle University, Department of Economics. Mekelle: Mekelle University.
52. Tadele, F. (2014). *Determinants of Microfinance Loan Repayment Performance: Case of Omo Microfinance (OMFI) in Kaffa Zone.* Jimma University, Accounting and Finance.
53. Tadesse, B. (2010). *The Role of Micro and Small Enterprises in Employment Creation and Income Generation: A Survey Study of Mekelle City, Tigray Region, Ethiopia.* Mekelle University, Department of Management.
54. Wikipedia. (2017). Retrieved 2017, from https://en.wikipedia.org/wiki/Jimma_Zone
55. Wilson, s. (2007, october). *Australian Prudential Regulation Authority.* Retrieved from www.apra.gov.au.
56. WTO. (2016). *Levelling the trading field for SME.*
57. Yamane, T. (1967). *Statistics, an introductory analysis.* New York: Harper and Row.
58. Yednekachew, H. (2016). *Factors Inhibiting the Growth of Micro and Small Enterprises in Ethiopia: Case of Addis Ababa.* Addis Ababa: Addis Ababa University.
59. Zemenu, A., & Mohammed, M. (2014). *Determinant of Growth of Micro and small enterprises in Ethiopia(A Case of MSEs in Mekelle City, Tigray).* Mekelle: International Journal of Advance Research in Computer Science and Management Studies.

© 2018 Global Journals

Global Journals Guidelines Handbook 2018

www.GlobalJournals.org

FELLOW OF ASSOCIATION OF RESEARCH SOCIETY IN BUSINESS (FARSB)

Global Journals Incorporate (USA) is accredited by Open Association of Research Society (OARS), U.S.A and in turn, awards "FARSBA" title to individuals. The 'FARSBA' title is accorded to a selected professional after the approval of the Editor-in-Chief/Editorial Board Members/Dean.



- The "FARSB" is a dignified title which is accorded to a person's name viz. Dr. John E. Hall, Ph.D., FARSBA or William Walldroff, M.S., FARSBA.

FARSBA accrediting is an honor. It authenticates your research activities. After recognition as FARSBA, you can add 'FARSBA' title with your name as you use this recognition as additional suffix to your status. This will definitely enhance and add more value and repute to your name. You may use it on your professional Counseling Materials such as CV, Resume, and Visiting Card etc.

The following benefits can be availed by you only for next three years from the date of certification:

FARSBA designated members are entitled to avail a 40% discount while publishing their research papers (of a single author) with Global Journals Incorporation (USA), if the same is accepted by Editorial Board/Peer Reviewers. If you are a main author or co-author in case of multiple authors, you will be entitled to avail discount of 10%.

Once FARSBA title is accorded, the Fellow is authorized to organize a symposium/seminar/conference on behalf of Global Journal Incorporation (USA).The Fellow can also participate in conference/seminar/symposium organized by another institution as representative of Global Journal. In both the cases, it is mandatory for him to discuss with us and obtain our consent.





You may join as member of the Editorial Board of Global Journals Incorporation (USA) after successful completion of three years as Fellow and as Peer Reviewer. In addition, it is also desirable that you should organize seminar/symposium/conference at least once.

We shall provide you intimation regarding launching of e-version of journal of your stream time to time.This may be utilized in your library for the enrichment of knowledge of your students as well as it can also be helpful for the concerned faculty members.



The FARSBA can go through standards of OARS. You can also play vital role if you have any suggestions so that proper amendment can take place to improve the same for the benefit of entire research community.

As FARSBA, you will be given a renowned, secure and free professional email address with 100 GB of space e.g. johnhall@globaljournals.org. This will include Webmail, Spam Assassin, Email Forwarders,Auto-Responders, Email Delivery Route tracing, etc.





The FARSBA will be eligible for a free application of standardization of their researches. Standardization of research will be subject to acceptability within stipulated norms as the next step after publishing in a journal. We shall depute a team of specialized research professionals who will render their services for elevating your researches to next higher level, which is worldwide open standardization.

The FARSBA member can apply for grading and certification of standards of their educational and Institutional Degrees to Open Association of Research, Society U.S.A. Once you are designated as FARSBA, you may send us a scanned copy of all of your credentials. OARS will verify, grade and certify them. This will be based on your academic records, quality of research papers published by you, and some more criteria. After certification of all your credentials by OARS, they will be published on your Fellow Profile link on website https://associationofresearch.org which will be helpful to upgrade the dignity.



The FARSBA members can avail the benefits of free research podcasting in Global Research Radio with their research documents. After publishing the work, (including published elsewhere worldwide with proper authorization) you can upload your research paper with your recorded voice or you can utilize chargeable services of our professional RJs to record your paper in their voice on request.

The FARSBA member also entitled to get the benefits of free research podcasting of their research documents through video clips. We can also streamline your conference videos and display your slides/ online slides and online research video clips at reasonable charges, on request.



The FARSBA is eligible to earn from sales proceeds of his/her researches/reference/review Books or literature, while publishing with Global Journals. The FARSBA can decide whether he/she would like to publish his/her research in a closed manner. In this case, whenever readers purchase that individual research paper for reading, maximum 60% of its profit earned as royalty by Global Journals, will be credited to his/her bank account. The entire entitled amount will be credited to his/her bank account exceeding limit of minimum fixed balance. There is no minimum time limit for collection. The FARSC member can decide its price and we can help in making the right decision.

The FARSBA member is eligible to join as a paid peer reviewer at Global Journals Incorporation (USA) and can get remuneration of 15% of author fees, taken from the author of a respective paper. After reviewing 5 or more papers you can request to transfer the amount to your bank account.



MEMBER OF ASSOCIATION OF RESEARCH SOCIETY IN BUSINESS (MARSBA)

The ' MARSBA ' title is accorded to a selected professional after the approval of the Editor-in-Chief / Editorial Board Members/Dean.



The "MARSBA" is a dignified ornament which is accorded to a person's name viz. Dr. John E. Hall, Ph.D., MARSBA or William Walldroff, M.S., MARSBA.

MARSB accrediting is an honor. It authenticates your research activities. After becoming MARSBA, you can add 'MARSBA' title with your name as you use this recognition as additional suffix to your status. This will definitely enhance and add more value and repute to your name. You may use it on your professional Counseling Materials such as CV, Resume, Visiting Card and Name Plate etc.

The following benefitscan be availed by you only for next three years from the date of certification.



MARSBA designated members are entitled to avail a 25% discount while publishing their research papers (of a single author) in Global Journals Inc., if the same is accepted by our Editorial Board and Peer Reviewers. If you are a main author or co-author of a group of authors, you will get discount of 10%.

As MARSBA, you will be given a renowned, secure and free professional email address with 30 GB of space e.g. johnhall@globaljournals.org. This will include Webmail, Spam Assassin, Email Forwarders,Auto-Responders, Email Delivery Route tracing, etc.





We shall provide you intimation regarding launching of e-version of journal of your stream time to time.This may be utilized in your library for the enrichment of knowledge of your students as well as it can also be helpful for the concerned faculty members.



The MARSBA member can apply for approval, grading and certification of standards of their educational and Institutional Degrees to Open Association of Research, Society U.S.A.



Once you are designated as MARSBA, you may send us a scanned copy of all of your credentials. OARS will verify, grade and certify them. This will be based on your academic records, quality of research papers published by you, and some more criteria.

It is mandatory to read all terms and conditions carefully.

© Copyright by Global Journals | Guidelines Handbook

Auxiliary Memberships

Institutional Fellow of Open Association of Research Society (USA)-OARS (USA)

Global Journals Incorporation (USA) is accredited by Open Association of Research Society, U.S.A (OARS) and in turn, affiliates research institutions as "Institutional Fellow of Open Association of Research Society" (IFOARS).



The "FARSC" is a dignified title which is accorded to a person's name viz. Dr. John E. Hall, Ph.D., FARSC or William Walldroff, M.S., FARSC.

The IFOARS institution is entitled to form a Board comprised of one Chairperson and three to five board members preferably from different streams. The Board will be recognized as "Institutional Board of Open Association of Research Society"-(IBOARS).

The Institute will be entitled to following benefits:

The IBOARS can initially review research papers of their institute and recommend them to publish with respective journal of Global Journals. It can also review the papers of other institutions after obtaining our consent. The second review will be done by peer reviewer of Global Journals Incorporation (USA) The Board is at liberty to appoint a peer reviewer with the approval of chairperson after consulting us.

The author fees of such paper may be waived off up to 40%.

The Global Journals Incorporation (USA) at its discretion can also refer double blind peer reviewed paper at their end to the board for the verification and to get recommendation for final stage of acceptance of publication.





The IBOARS can organize symposium/seminar/conference in their country on behalf of Global Journals Incorporation (USA)-OARS (USA). The terms and conditions can be discussed separately.

The Board can also play vital role by exploring and giving valuable suggestions regarding the Standards of "Open Association of Research Society, U.S.A (OARS)" so that proper amendment can take place for the benefit of entire research community. We shall provide details of particular standard only on receipt of request from the Board.



The board members can also join us as Individual Fellow with 40% discount on total fees applicable to Individual Fellow. They will be entitled to avail all the benefits as declared. Please visit Individual Fellow-sub menu of GlobalJournals.org to have more relevant details.

We shall provide you intimation regarding launching of e-version of journal of your stream time to time. This may be utilized in your library for the enrichment of knowledge of your students as well as it can also be helpful for the concerned faculty members.



After nomination of your institution as "Institutional Fellow" and constantly functioning successfully for one year, we can consider giving recognition to your institute to function as Regional/Zonal office on our behalf.
The board can also take up the additional allied activities for betterment after our consultation.

The following entitlements are applicable to individual Fellows:



Open Association of Research Society, U.S.A (OARS) By-laws states that an individual Fellow may use the designations as applicable, or the corresponding initials. The Credentials of individual Fellow and Associate designations signify that the individual has gained knowledge of the fundamental concepts. One is magnanimous and proficient in an expertise course covering the professional code of conduct, and follows recognized standards of practice.

Open Association of Research Society (US)/ Global Journals Incorporation (USA), as described in Corporate Statements, are educational, research publishing and professional membership organizations. Achieving our individual Fellow or Associate status is based mainly on meeting stated educational research requirements.



Disbursement of 40% Royalty earned through Global Journals : Researcher = 50%, Peer Reviewer = 37.50%, Institution = 12.50% E.g. Out of 40%, the 20% benefit should be passed on to researcher, 15 % benefit towards remuneration should be given to a reviewer and remaining 5% is to be retained by the institution.

We shall provide print version of 12 issues of any three journals [as per your requirement] out of our 38 journals worth $ 2376 USD.

Other:

The individual Fellow and Associate designations accredited by Open Association of Research Society (US) credentials signify guarantees following achievements:

- The professional accredited with Fellow honor, is entitled to various benefits viz. name, fame, honor, regular flow of income, secured bright future, social status etc.

- In addition to above, if one is single author, then entitled to 40% discount on publishing research paper and can get 10%discount if one is co-author or main author among group of authors.
- The Fellow can organize symposium/seminar/conference on behalf of Global Journals Incorporation (USA) and he/she can also attend the same organized by other institutes on behalf of Global Journals.
- The Fellow can become member of Editorial Board Member after completing 3yrs.
- The Fellow can earn 60% of sales proceeds from the sale of reference/review books/literature/publishing of research paper.
- Fellow can also join as paid peer reviewer and earn 15% remuneration of author charges and can also get an opportunity to join as member of the Editorial Board of Global Journals Incorporation (USA)
- • This individual has learned the basic methods of applying those concepts and techniques to common challenging situations. This individual has further demonstrated an in–depth understanding of the application of suitable techniques to a particular area of research practice.

Note :

"

- In future, if the board feels the necessity to change any board member, the same can be done with the consent of the chairperson along with anyone board member without our approval.
- In case, the chairperson needs to be replaced then consent of 2/3rd board members are required and they are also required to jointly pass the resolution copy of which should be sent to us. In such case, it will be compulsory to obtain our approval before replacement.
- In case of "Difference of Opinion [if any]" among the Board members, our decision will be final and binding to everyone.

"

Preferred Author Guidelines

We accept the manuscript submissions in any standard (generic) format.

We typeset manuscripts using advanced typesetting tools like Adobe In Design, CorelDraw, TeXnicCenter, and TeXStudio. We usually recommend authors submit their research using any standard format they are comfortable with, and let Global Journals do the rest.

Alternatively, you can download our basic template from https://globaljournals.org/Template.zip

Authors should submit their complete paper/article, including text illustrations, graphics, conclusions, artwork, and tables. Authors who are not able to submit manuscript using the form above can email the manuscript department at submit@globaljournals.org or get in touch with chiefeditor@globaljournals.org if they wish to send the abstract before submission.

Before and during Submission

Authors must ensure the information provided during the submission of a paper is authentic. Please go through the following checklist before submitting:

1. Authors must go through the complete author guideline and understand and *agree to Global Journals' ethics and code of conduct,* along with author responsibilities.
2. Authors must accept the privacy policy, terms, and conditions of Global Journals.
3. Ensure corresponding author's email address and postal address are accurate and reachable.
4. Manuscript to be submitted must include keywords, an abstract, a paper title, co-author(s') names and details (email address, name, phone number, and institution), figures and illustrations in vector format including appropriate captions, tables, including titles and footnotes, a conclusion, results, acknowledgments and references.
5. Authors should submit paper in a ZIP archive if any supplementary files are required along with the paper.
6. Proper permissions must be acquired for the use of any copyrighted material.
7. Manuscript submitted *must not have been submitted or published elsewhere* and all authors must be aware of the submission.

Declaration of Conflicts of Interest

It is required for authors to declare all financial, institutional, and personal relationships with other individuals and organizations that could influence (bias) their research.

Policy on Plagiarism

Plagiarism is not acceptable in Global Journals submissions at all.

Plagiarized content will not be considered for publication. We reserve the right to inform authors' institutions about plagiarism detected either before or after publication. If plagiarism is identified, we will follow COPE guidelines:

Authors are solely responsible for all the plagiarism that is found. The author must not fabricate, falsify or plagiarize existing research data. The following, if copied, will be considered plagiarism:

- Words (language)
- Ideas
- Findings
- Writings
- Diagrams
- Graphs
- Illustrations
- Lectures

- Printed material
- Graphic representations
- Computer programs
- Electronic material
- Any other original work

Authorship Policies

Global Journals follows the definition of authorship set up by the Open Association of Research Society, USA. According to its guidelines, authorship criteria must be based on:

1. Substantial contributions to the conception and acquisition of data, analysis, and interpretation of findings.
2. Drafting the paper and revising it critically regarding important academic content.
3. Final approval of the version of the paper to be published.

Changes in Authorship

The corresponding author should mention the name and complete details of all co-authors during submission and in manuscript. We support addition, rearrangement, manipulation, and deletions in authors list till the early view publication of the journal. We expect that corresponding author will notify all co-authors of submission. We follow COPE guidelines for changes in authorship.

Copyright

During submission of the manuscript, the author is confirming an exclusive license agreement with Global Journals which gives Global Journals the authority to reproduce, reuse, and republish authors' research. We also believe in flexible copyright terms where copyright may remain with authors/employers/institutions as well. Contact your editor after acceptance to choose your copyright policy. You may follow this form for copyright transfers.

Appealing Decisions

Unless specified in the notification, the Editorial Board's decision on publication of the paper is final and cannot be appealed before making the major change in the manuscript.

Acknowledgments

Contributors to the research other than authors credited should be mentioned in Acknowledgments. The source of funding for the research can be included. Suppliers of resources may be mentioned along with their addresses.

Declaration of funding sources

Global Journals is in partnership with various universities, laboratories, and other institutions worldwide in the research domain. Authors are requested to disclose their source of funding during every stage of their research, such as making analysis, performing laboratory operations, computing data, and using institutional resources, from writing an article to its submission. This will also help authors to get reimbursements by requesting an open access publication letter from Global Journals and submitting to the respective funding source.

Preparing your Manuscript

Authors can submit papers and articles in an acceptable file format: MS Word (doc, docx), LaTeX (.tex, .zip or .rar including all of your files), Adobe PDF (.pdf), rich text format (.rtf), simple text document (.txt), Open Document Text (.odt), and Apple Pages (.pages). Our professional layout editors will format the entire paper according to our official guidelines. This is one of the highlights of publishing with Global Journals—authors should not be concerned about the formatting of their paper. Global Journals accepts articles and manuscripts in every major language, be it Spanish, Chinese, Japanese, Portuguese, Russian, French, German, Dutch, Italian, Greek, or any other national language, but the title, subtitle, and abstract should be in English. This will facilitate indexing and the pre-peer review process.

The following is the official style and template developed for publication of a research paper. Authors are not required to follow this style during the submission of the paper. It is just for reference purposes.

Manuscript Style Instruction (Optional)

- Microsoft Word Document Setting Instructions.
- Font type of all text should be Swis721 Lt BT.
- Page size: 8.27" x 11'", left margin: 0.65, right margin: 0.65, bottom margin: 0.75.
- Paper title should be in one column of font size 24.
- Author name in font size of 11 in one column.
- Abstract: font size 9 with the word "Abstract" in bold italics.
- Main text: font size 10 with two justified columns.
- Two columns with equal column width of 3.38 and spacing of 0.2.
- First character must be three lines drop-capped.
- The paragraph before spacing of 1 pt and after of 0 pt.
- Line spacing of 1 pt.
- Large images must be in one column.
- The names of first main headings (Heading 1) must be in Roman font, capital letters, and font size of 10.
- The names of second main headings (Heading 2) must not include numbers and must be in italics with a font size of 10.

Structure and Format of Manuscript

The recommended size of an original research paper is under 15,000 words and review papers under 7,000 words. Research articles should be less than 10,000 words. Research papers are usually longer than review papers. Review papers are reports of significant research (typically less than 7,000 words, including tables, figures, and references)

A research paper must include:

a) A title which should be relevant to the theme of the paper.
b) A summary, known as an abstract (less than 150 words), containing the major results and conclusions.
c) Up to 10 keywords that precisely identify the paper's subject, purpose, and focus.
d) An introduction, giving fundamental background objectives.
e) Resources and techniques with sufficient complete experimental details (wherever possible by reference) to permit repetition, sources of information must be given, and numerical methods must be specified by reference.
f) Results which should be presented concisely by well-designed tables and figures.
g) Suitable statistical data should also be given.
h) All data must have been gathered with attention to numerical detail in the planning stage.

Design has been recognized to be essential to experiments for a considerable time, and the editor has decided that any paper that appears not to have adequate numerical treatments of the data will be returned unrefereed.

i) Discussion should cover implications and consequences and not just recapitulate the results; conclusions should also be summarized.
j) There should be brief acknowledgments.
k) There ought to be references in the conventional format. Global Journals recommends APA format.

Authors should carefully consider the preparation of papers to ensure that they communicate effectively. Papers are much more likely to be accepted if they are carefully designed and laid out, contain few or no errors, are summarizing, and follow instructions. They will also be published with much fewer delays than those that require much technical and editorial correction.

The Editorial Board reserves the right to make literary corrections and suggestions to improve brevity.



Format Structure

It is necessary that authors take care in submitting a manuscript that is written in simple language and adheres to published guidelines.

All manuscripts submitted to Global Journals should include:

Title

The title page must carry an informative title that reflects the content, a running title (less than 45 characters together with spaces), names of the authors and co-authors, and the place(s) where the work was carried out.

Author details

The full postal address of any related author(s) must be specified.

Abstract

The abstract is the foundation of the research paper. It should be clear and concise and must contain the objective of the paper and inferences drawn. It is advised to not include big mathematical equations or complicated jargon.

Many researchers searching for information online will use search engines such as Google, Yahoo or others. By optimizing your paper for search engines, you will amplify the chance of someone finding it. In turn, this will make it more likely to be viewed and cited in further works. Global Journals has compiled these guidelines to facilitate you to maximize the web-friendliness of the most public part of your paper.

Keywords

A major lynchpin of research work for the writing of research papers is the keyword search, which one will employ to find both library and internet resources. Up to eleven keywords or very brief phrases have to be given to help data retrieval, mining, and indexing.

One must be persistent and creative in using keywords. An effective keyword search requires a strategy: planning of a list of possible keywords and phrases to try.

Choice of the main keywords is the first tool of writing a research paper. Research paper writing is an art. Keyword search should be as strategic as possible.

One should start brainstorming lists of potential keywords before even beginning searching. Think about the most important concepts related to research work. Ask, “What words would a source have to include to be truly valuable in a research paper?” Then consider synonyms for the important words.

It may take the discovery of only one important paper to steer in the right keyword direction because, in most databases, the keywords under which a research paper is abstracted are listed with the paper.

Numerical Methods

Numerical methods used should be transparent and, where appropriate, supported by references.

Abbreviations

Authors must list all the abbreviations used in the paper at the end of the paper or in a separate table before using them.

Formulas and equations

Authors are advised to submit any mathematical equation using either MathJax, KaTeX, or LaTeX, or in a very high-quality image.

Tables, Figures, and Figure Legends

Tables: Tables should be cautiously designed, uncrowned, and include only essential data. Each must have an Arabic number, e.g., Table 4, a self-explanatory caption, and be on a separate sheet. Authors must submit tables in an editable format and not as images. References to these tables (if any) must be mentioned accurately.

Figures

Figures are supposed to be submitted as separate files. Always include a citation in the text for each figure using Arabic numbers, e.g., Fig. 4. Artwork must be submitted online in vector electronic form or by emailing it.

Preparation of Eletronic Figures for Publication

Although low-quality images are sufficient for review purposes, print publication requires high-quality images to prevent the final product being blurred or fuzzy. Submit (possibly by e-mail) EPS (line art) or TIFF (halftone/ photographs) files only. MS PowerPoint and Word Graphics are unsuitable for printed pictures. Avoid using pixel-oriented software. Scans (TIFF only) should have a resolution of at least 350 dpi (halftone) or 700 to 1100 dpi (line drawings). Please give the data for figures in black and white or submit a Color Work Agreement form. EPS files must be saved with fonts embedded (and with a TIFF preview, if possible).

For scanned images, the scanning resolution at final image size ought to be as follows to ensure good reproduction: line art: >650 dpi; halftones (including gel photographs): >350 dpi; figures containing both halftone and line images: >650 dpi.

Color charges: Authors are advised to pay the full cost for the reproduction of their color artwork. Hence, please note that if there is color artwork in your manuscript when it is accepted for publication, we would require you to complete and return a Color Work Agreement form before your paper can be published. Also, you can email your editor to remove the color fee after acceptance of the paper.

Tips for writing a good quality Management Research Paper

Techniques for writing a good quality management and business research paper:

1. Choosing the topic: In most cases, the topic is selected by the interests of the author, but it can also be suggested by the guides. You can have several topics, and then judge which you are most comfortable with. This may be done by asking several questions of yourself, like "Will I be able to carry out a search in this area? Will I find all necessary resources to accomplish the search? Will I be able to find all information in this field area?" If the answer to this type of question is "yes," then you ought to choose that topic. In most cases, you may have to conduct surveys and visit several places. Also, you might have to do a lot of work to find all the rises and falls of the various data on that subject. Sometimes, detailed information plays a vital role, instead of short information. Evaluators are human: The first thing to remember is that evaluators are also human beings. They are not only meant for rejecting a paper. They are here to evaluate your paper. So present your best aspect.

2. Think like evaluators: If you are in confusion or getting demotivated because your paper may not be accepted by the evaluators, then think, and try to evaluate your paper like an evaluator. Try to understand what an evaluator wants in your research paper, and you will automatically have your answer. Make blueprints of paper: The outline is the plan or framework that will help you to arrange your thoughts. It will make your paper logical. But remember that all points of your outline must be related to the topic you have chosen.

3. Ask your guides: If you are having any difficulty with your research, then do not hesitate to share your difficulty with your guide (if you have one). They will surely help you out and resolve your doubts. If you can't clarify what exactly you require for your work, then ask your supervisor to help you with an alternative. He or she might also provide you with a list of essential readings.

4. Use of computer is recommended: As you are doing research in the field of management and business then this point is quite obvious. Use right software: Always use good quality software packages. If you are not capable of judging good software, then you can lose the quality of your paper unknowingly. There are various programs available to help you which you can get through the internet.

5. Use the internet for help: An excellent start for your paper is using Google. It is a wondrous search engine, where you can have your doubts resolved. You may also read some answers for the frequent question of how to write your research paper or find a model research paper. You can download books from the internet. If you have all the required books, place importance on reading, selecting, and analyzing the specified information. Then sketch out your research paper. Use big pictures: You may use encyclopedias like Wikipedia to get pictures with the best resolution. At Global Journals, you should strictly follow here.



6. Bookmarks are useful: When you read any book or magazine, you generally use bookmarks, right? It is a good habit which helps to not lose your continuity. You should always use bookmarks while searching on the internet also, which will make your search easier.

7. Revise what you wrote: When you write anything, always read it, summarize it, and then finalize it.

8. Make every effort: Make every effort to mention what you are going to write in your paper. That means always have a good start. Try to mention everything in the introduction—what is the need for a particular research paper. Polish your work with good writing skills and always give an evaluator what he wants. Make backups: When you are going to do any important thing like making a research paper, you should always have backup copies of it either on your computer or on paper. This protects you from losing any portion of your important data.

9. Produce good diagrams of your own: Always try to include good charts or diagrams in your paper to improve quality. Using several unnecessary diagrams will degrade the quality of your paper by creating a hodgepodge. So always try to include diagrams which were made by you to improve the readability of your paper. Use of direct quotes: When you do research relevant to literature, history, or current affairs, then use of quotes becomes essential, but if the study is relevant to science, use of quotes is not preferable.

10. Use proper verb tense: Use proper verb tenses in your paper. Use past tense to present those events that have happened. Use present tense to indicate events that are going on. Use future tense to indicate events that will happen in the future. Use of wrong tenses will confuse the evaluator. Avoid sentences that are incomplete.

11. Pick a good study spot: Always try to pick a spot for your research which is quiet. Not every spot is good for studying.

12. Know what you know: Always try to know what you know by making objectives, otherwise you will be confused and unable to achieve your target.

13. Use good grammar: Always use good grammar and words that will have a positive impact on the evaluator; use of good vocabulary does not mean using tough words which the evaluator has to find in a dictionary. Do not fragment sentences. Eliminate one-word sentences. Do not ever use a big word when a smaller one would suffice.
Verbs have to be in agreement with their subjects. In a research paper, do not start sentences with conjunctions or finish them with prepositions. When writing formally, it is advisable to never split an infinitive because someone will (wrongly) complain. Avoid clichés like a disease. Always shun irritating alliteration. Use language which is simple and straightforward. Put together a neat summary.

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

15. Never start at the last minute: Always allow enough time for research work. Leaving everything to the last minute will degrade your paper and spoil your work.

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

17. Never copy others' work: Never copy others' work and give it your name because if the evaluator has seen it anywhere, you will be in trouble. Take proper rest and food: No matter how many hours you spend on your research activity, if you are not taking care of your health, then all your efforts will have been in vain. For quality research, take proper rest and food.

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

19. Refresh your mind after intervals: Try to give your mind a rest by listening to soft music or sleeping in intervals. This will also improve your memory. Acquire colleagues: Always try to acquire colleagues. No matter how sharp you are, if you acquire colleagues, they can give you ideas which will be helpful to your research.

20. Think technically: Always think technically. If anything happens, search for its reasons, benefits, and demerits. Think and then print: When you go to print your paper, check that tables are not split, headings are not detached from their descriptions, and page sequence is maintained.

21. Adding unnecessary information: Do not add unnecessary information like "I have used MS Excel to draw graphs." Irrelevant and inappropriate material is superfluous. Foreign terminology and phrases are not apropos. One should never take a broad view. Analogy is like feathers on a snake. Use words properly, regardless of how others use them. Remove quotations. Puns are for kids, not grunt readers. Never oversimplify: When adding material to your research paper, never go for oversimplification; this will definitely irritate the evaluator. Be specific. Never use rhythmic redundancies. Contractions shouldn't be used in a research paper. Comparisons are as terrible as clichés. Give up ampersands, abbreviations, and so on. Remove commas that are not necessary. Parenthetical words should be between brackets or commas. Understatement is always the best way to put forward earth-shaking thoughts. Give a detailed literary review.

22. Report concluded results: Use concluded results. From raw data, filter the results, and then conclude your studies based on measurements and observations taken. An appropriate number of decimal places should be used. Parenthetical remarks are prohibited here. Proofread carefully at the final stage. At the end, give an outline to your arguments. Spot perspectives of further study of the subject. Justify your conclusion at the bottom sufficiently, which will probably include examples.

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

Informal Guidelines of Research Paper Writing

Key points to remember:

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

Final points:

One purpose of organizing a research paper is to let people interpret your efforts selectively. The journal requires the following sections, submitted in the order listed, with each section starting on a new page:

The introduction: This will be compiled from reference matter and reflect the design processes or outline of basis that directed you to make a study. As you carry out the process of study, the method and process section will be constructed like that. The results segment will show related statistics in nearly sequential order and direct reviewers to similar intellectual paths throughout the data that you gathered to carry out your study.

The discussion section:

This will provide understanding of the data and projections as to the implications of the results. The use of good quality references throughout the paper will give the effort trustworthiness by representing an alertness to prior workings.

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

General style:

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

To make a paper clear: Adhere to recommended page limits.

Mistakes to avoid:

- Insertion of a title at the foot of a page with subsequent text on the next page.
- Separating a table, chart, or figure—confine each to a single page.
- Submitting a manuscript with pages out of sequence.
- In every section of your document, use standard writing style, including articles ("a" and "the").
- Keep paying attention to the topic of the paper.



© Copyright by Global Journals | Guidelines Handbook

- Use paragraphs to split each significant point (excluding the abstract).
- Align the primary line of each section.
- Present your points in sound order.
- Use present tense to report well-accepted matters.
- Use past tense to describe specific results.
- Do not use familiar wording; don't address the reviewer directly. Don't use slang or superlatives.
- Avoid use of extra pictures—include only those figures essential to presenting results.

Title page:

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

Abstract: This summary should be two hundred words or less. It should clearly and briefly explain the key findings reported in the manuscript and must have precise statistics. It should not have acronyms or abbreviations. It should be logical in itself. Do not cite references at this point.

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

Write your summary when your paper is completed because how can you write the summary of anything which is not yet written? Wealth of terminology is very essential in abstract. Use comprehensive sentences, and do not sacrifice readability for brevity; you can maintain it succinctly by phrasing sentences so that they provide more than a lone rationale. The author can at this moment go straight to shortening the outcome. Sum up the study with the subsequent elements in any summary. Try to limit the initial two items to no more than one line each.

Reason for writing the article—theory, overall issue, purpose.

- Fundamental goal.
- To-the-point depiction of the research.
- Consequences, including definite statistics—if the consequences are quantitative in nature, account for this; results of any numerical analysis should be reported. Significant conclusions or questions that emerge from the research.

Approach:

- Single section and succinct.
- An outline of the job done is always written in past tense.
- Concentrate on shortening results—limit background information to a verdict or two.
- Exact spelling, clarity of sentences and phrases, and appropriate reporting of quantities (proper units, important statistics) are just as significant in an abstract as they are anywhere else.

Introduction:

The introduction should "introduce" the manuscript. The reviewer should be presented with sufficient background information to be capable of comprehending and calculating the purpose of your study without having to refer to other works. The basis for the study should be offered. Give the most important references, but avoid making a comprehensive appraisal of the topic. Describe the problem visibly. If the problem is not acknowledged in a logical, reasonable way, the reviewer will give no attention to your results. Speak in common terms about techniques used to explain the problem, if needed, but do not present any particulars about the protocols here.

The following approach can create a valuable beginning:

- Explain the value (significance) of the study.
- Defend the model—why did you employ this particular system or method? What is its compensation? Remark upon its appropriateness from an abstract point of view as well as pointing out sensible reasons for using it.
- Present a justification. State your particular theory(-ies) or aim(s), and describe the logic that led you to choose them.
- Briefly explain the study's tentative purpose and how it meets the declared objectives.

Approach:

Use past tense except for when referring to recognized facts. After all, the manuscript will be submitted after the entire job is done. Sort out your thoughts; manufacture one key point for every section. If you make the four points listed above, you will need at least four paragraphs. Present surrounding information only when it is necessary to support a situation. The reviewer does not desire to read everything you know about a topic. Shape the theory specifically—do not take a broad view.

As always, give awareness to spelling, simplicity, and correctness of sentences and phrases.

Procedures (methods and materials):

This part is supposed to be the easiest to carve if you have good skills. A soundly written procedures segment allows a capable scientist to replicate your results. Present precise information about your supplies. The suppliers and clarity of reagents can be helpful bits of information. Present methods in sequential order, but linked methodologies can be grouped as a segment. Be concise when relating the protocols. Attempt to give the least amount of information that would permit another capable scientist to replicate your outcome, but be cautious that vital information is integrated. The use of subheadings is suggested and ought to be synchronized with the results section.

When a technique is used that has been well-described in another section, mention the specific item describing the way, but draw the basic principle while stating the situation. The purpose is to show all particular resources and broad procedures so that another person may use some or all of the methods in one more study or referee the scientific value of your work. It is not to be a step-by-step report of the whole thing you did, nor is a methods section a set of orders.

Materials:

Materials may be reported in part of a section or else they may be recognized along with your measures.

Methods:

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

Approach:

It is embarrassing to use vigorous voice when documenting methods without using first person, which would focus the reviewer's interest on the researcher rather than the job. As a result, when writing up the methods, most authors use third person passive voice.

Use standard style in this and every other part of the paper—avoid familiar lists, and use full sentences.

What to keep away from:

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

Results:

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

The page length of this segment is set by the sum and types of data to be reported. Use statistics and tables, if suitable, to present consequences most efficiently.

You must clearly differentiate material which would usually be incorporated in a study editorial from any unprocessed data or additional appendix matter that would not be available. In fact, such matters should not be submitted at all except if requested by the instructor.



© Copyright by Global Journals | Guidelines Handbook

Content:

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

What to stay away from:

- Do not discuss or infer your outcome, report surrounding information, or try to explain anything.
- Do not include raw data or intermediate calculations in a research manuscript.
- Do not present similar data more than once.
- A manuscript should complement any figures or tables, not duplicate information.
- Never confuse figures with tables—there is a difference.

Approach:

As always, use past tense when you submit your results, and put the whole thing in a reasonable order.

Put figures and tables, appropriately numbered, in order at the end of the report.

If you desire, you may place your figures and tables properly within the text of your results section.

Figures and tables:

If you put figures and tables at the end of some details, make certain that they are visibly distinguished from any attached appendix materials, such as raw facts. Whatever the position, each table must be titled, numbered one after the other, and include a heading. All figures and tables must be divided from the text.

Discussion:

The discussion is expected to be the trickiest segment to write. A lot of papers submitted to the journal are discarded based on problems with the discussion. There is no rule for how long an argument should be.

Position your understanding of the outcome visibly to lead the reviewer through your conclusions, and then finish the paper with a summing up of the implications of the study. The purpose here is to offer an understanding of your results and support all of your conclusions, using facts from your research and generally accepted information, if suitable. The implication of results should be fully described.

Infer your data in the conversation in suitable depth. This means that when you clarify an observable fact, you must explain mechanisms that may account for the observation. If your results vary from your prospect, make clear why that may have happened. If your results agree, then explain the theory that the proof supported. It is never suitable to just state that the data approved the prospect, and let it drop at that. Make a decision as to whether each premise is supported or discarded or if you cannot make a conclusion with assurance. Do not just dismiss a study or part of a study as "uncertain."

Research papers are not acknowledged if the work is imperfect. Draw what conclusions you can based upon the results that you have, and take care of the study as a finished work.

- You may propose future guidelines, such as how an experiment might be personalized to accomplish a new idea.
- Give details of all of your remarks as much as possible, focusing on mechanisms.
- Make a decision as to whether the tentative design sufficiently addressed the theory and whether or not it was correctly restricted. Try to present substitute explanations if they are sensible alternatives.
- One piece of research will not counter an overall question, so maintain the large picture in mind. Where do you go next? The best studies unlock new avenues of study. What questions remain?
- Recommendations for detailed papers will offer supplementary suggestions.

Approach:

When you refer to information, differentiate data generated by your own studies from other available information. Present work done by specific persons (including you) in past tense.

Describe generally acknowledged facts and main beliefs in present tense.

The Administration Rules

Administration Rules to Be Strictly Followed before Submitting Your Research Paper to Global Journals Inc.

Please read the following rules and regulations carefully before submitting your research paper to Global Journals Inc. to avoid rejection.

Segment draft and final research paper: You have to strictly follow the template of a research paper, failing which your paper may get rejected. You are expected to write each part of the paper wholly on your own. The peer reviewers need to identify your own perspective of the concepts in your own terms. Please do not extract straight from any other source, and do not rephrase someone else's analysis. Do not allow anyone else to proofread your manuscript.

Written material: You may discuss this with your guides and key sources. Do not copy anyone else's paper, even if this is only imitation, otherwise it will be rejected on the grounds of plagiarism, which is illegal. Various methods to avoid plagiarism are strictly applied by us to every paper, and, if found guilty, you may be blacklisted, which could affect your career adversely. To guard yourself and others from possible illegal use, please do not permit anyone to use or even read your paper and file.

Criterion for Grading a Research Paper (Compilation) by Global Journals

Please note that following table is only a Grading of "Paper Compilation" and not on "Performed/Stated Research" whose grading solely depends on Individual Assigned Peer Reviewer and Editorial Board Member. These can be available only on request and after decision of Paper. This report will be the property of Global Journals.

Topics	Grades		
	A-B	**C-D**	**E-F**
Abstract	Clear and concise with appropriate content, Correct format. 200 words or below	Unclear summary and no specific data, Incorrect form Above 200 words	No specific data with ambiguous information Above 250 words
Introduction	Containing all background details with clear goal and appropriate details, flow specification, no grammar and spelling mistake, well organized sentence and paragraph, reference cited	Unclear and confusing data, appropriate format, grammar and spelling errors with unorganized matter	Out of place depth and content, hazy format
Methods and Procedures	Clear and to the point with well arranged paragraph, precision and accuracy of facts and figures, well organized subheads	Difficult to comprehend with embarrassed text, too much explanation but completed	Incorrect and unorganized structure with hazy meaning
Result	Well organized, Clear and specific, Correct units with precision, correct data, well structuring of paragraph, no grammar and spelling mistake	Complete and embarrassed text, difficult to comprehend	Irregular format with wrong facts and figures
Discussion	Well organized, meaningful specification, sound conclusion, logical and concise explanation, highly structured paragraph reference cited	Wordy, unclear conclusion, spurious	Conclusion is not cited, unorganized, difficult to comprehend
References	Complete and correct format, well organized	Beside the point, Incomplete	Wrong format and structuring

INDEX

B

Biofortification · 49

C

Cassava · 48, 49, 51
Contemplated · 14
Couleurs · 25
Covenant · 75

D

Delinquency · 74, 75, 77
Deterrents · 79, 92

E

Endogenous · 5, 10, 55, 68
Exacerbated · 50
Exogenous · 5

H

Heteroscedastic · 83
Heuristics · 53, 58, 63, 67

I

Impediments · 71
Intensification · 57

M

Monolithic · 14

O

Ominous · 75

P

Pastoralists · 46

R

Rejuvenation · 13, 14
Restitution · 25
Revitalising · 15





Global Journal of Management and Business Research

Visit us on the Web at www.GlobalJournals.org | www.JournalofBusiness.Org
or email us at helpdesk@globaljournals.org



ISSN 9755853

© Global Journals