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# Administration and Management



Construction Industry Employees

Outsourcing Human Resource

Highlights

Service Management Strategies

Creating Sustainable Value (CSV)

Discovering Thoughts, Inventing Future

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# Stakeholders Engaged in Creating Sustainable Value (CSV) and Innovation

By Iara Tonissi Moroni Cutovoi

*Abstract-* This paper aims to how the creation a sustainable value network occurs and preserve valuable knowledge and innovation through stakeholder engagement. The work proceeds a qualitative study and a literature review. Finally, organizations seek to interact in a competitive environment, and through the model of Sustainable value of Hart and Milstein, the innovation and the parties concerned, respectively, with the central point generating shareholder values. The research concludes that the engagement of stakeholders in innovative sustainable organizations plays important role in the generation of value, environmental awareness, and, the implementation of the economic, environmental, and social dimensions, economic development, financial and operational. Therefore, the main contribution of this study derives from the discussion of the model of Hart and Milstein, the innovation and the parties concerned, respectively, with the central point generating stakeholder's values.

*Keywords: stakeholders, innovation and creating sustainable value stakeholders engaged in creating sustainable value (CVS) and innovation.*

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# Stakeholders Engaged in Creating Sustainable Value (CSV) and Innovation

Iara Tonissi Moroni Cutovoi

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## I. Introduction

Creating shared value (CSV), the concept popularized by Hart and Milstein (2004) and consists of a two-dimensional approach considered as sources of creativity in organizations: the time (present and future) and space (internal and external).

In recent years, the importance of organizational to search for improvement in their competitiveness through the development of an interactive and systemic management model and innovative practices that links the economic, social, and environmental areas, processes, and engagement of stakeholders in a context of sustainable value.

Theoretical debates and empirical studies have been intensified, attracting the attention of researchers. The study is justified by the organizations challenged to reduce the impacts that cause today, while they need to reorient their internal skills to make their more innovative products and service, and increase sustainability in the long term. According to Hart (1995) Social and environmental challenges can lead to the development of intangible organizational resources (such as technology, human capital and reputation). Provide a theoretical mechanism through which a link between environmental actions and profit.

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Previous studies have shown of the various stakeholders, and innovative organizational capacity insert the reputation and image of the organization can generate value to support a valuable strategic asset seeking competitive advantage (DIERICKX and COOL, 1989).

Hart and Milstein (2004), also add the relevance of the global challenges associated with sustainability, s from the perspective of business, can help to identify strategies and practices that contribute to a more sustainable world and, at the same time, direct the value for its shareholders. The lack of research attention to this strategic decision is somewhat surprising, given the importance of CVS decisions, and new market spaces emerge. The sustainable companies are those that create shareholder value in the long term, because they are more prepared to face economic, social, and environmental risks and leveraging opportunities through the management with and for stakeholders. (CLARO et al. 2014).

In this perspective, Robles (1994), a new form of global competition, requires that organizations be committed to the full and continuous improvement of its products, processes and employees (TIDD; BESSANT; PAVITT, 2008).

Since the focus stakeholder engagement can provide combination with interaction between an organization and its natural environment can attempt to increase prosperity in the future. Creating value for stakeholders is dependent on the skill that the company has for the creative destruction of its capabilities for the innovations of tomorrow. With that, the companies that can develop technologies that address the needs of society (HART; MILSTEIN, 2004) will guide the future.

Further, this paper structured in four sections, after this introduction, the second the literature review, the third is the methodology, the fourth is discussion and the final concluding remarks.

## II. Theoretical Background

In reviewing the literature, this study attempts to analysis at the Stakeholders Theory, Creating sustainable value (CVS) and Innovation:

*a) Stakeholders Theory*

Freeman (1984) defines stakeholders as groups that are vital to the survival and success of organizations. Lyra et al. (2009) advocate that stakeholder in an organization is, by definition, any group or individual who can affect or be affected by the



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realization of the goals of this organization. Stakeholder considers those groups, and individuals other organizations that have an interest in the actions of an organization, and who can to influence it. To disregard or neglect these groups, some organizations have already been devastated or destroyed (TAPSCOTT, TICOLL, 2005).

As the NBR 1600, interested parties or "stakeholder" defines as any person or group that has an interest in an organization or can be affected by their actions, for example, internal public, suppliers, consumers, clients, public institutions, community, owners, bankers, unions and Government agencies, among others. According to Frooman (1999), must be answered three questions to identify the stakeholders: a) Who are they? This first question seeks to identify the attributes of stakeholders; b) What do they want? The second issue focus on the interest and the concerns of stakeholders; c) How are they trying to achieve your goals? The third question direct to the influence exercised by the stakeholders in strategic organizational designs.

According to Clarkson (1995) demonstrated mainly the stakeholders, where are responsible for the survival of the organization. Anyway, the stakeholder theory will be the backbone that will sustain the answer of who and what matters to make the Organization last longer.

Freeman (2010) discussion the various stakeholders considered strategic for the management that is, the stakeholders are the suppliers, employees, administrators, community, and consumers.

Oliveira (2008) reveals that the unions, competitors, employees, Government, media, and non-governmental organizations (NGOs) are stakeholders of the organizations. Above all, the stakeholder theory emphasizes that the Organization manage in a way that maximize the wealth of its shareholders. Lemme et al. (2008) realize that the involvement of Stakeholders focus as a source of innovation and development. Furthermore, to explain the need for plurality of groups, sectors of the Organization and decision-making (LEA, 1999).

As Mitchell, Agle, and Wood (1997) identified the Stakeholder Salience model, where the classification of stakeholders in terms of power, legitimacy, and urgency. There are seven types of stakeholders; a) Asleep: has the power to impose its will in the Organization but has no legitimacy or urgency, and thus, its lies in disuse, having little or no interaction with the organization. The Organization must meet this stakeholder to monitor their potential in achieving a second attribute; b) Arbitrary: it has legitimacy, but has no power to influence the organization no claims urgency. The attention that should be given to that party concerning corporate social responsibility, as it tends to be more receptive; c) Claimant: When the important attribute in stakeholder management is urgent, it is the claimant. Without power and legitimacy, it should not get in the way both the organization; however, should be monitored as to the potential of getting a second attribute; d) Dominant: its influence on Organization has ensured by the power and legitimacy; e) Dangerous: When there are power and urgency, but there is no legitimacy, what exists is a coercive stakeholder and possibly violent for the Organization, which can be a danger, literally; f) Dependent: it has allegations with urgency and legitimacy, but depends on the power of the stakeholder to view their claims taking into consideration; g) Final: When has power and legitimacy, claims urgency, give immediate attention and prioritized to this stakeholder.

However, it is unclear how the stakeholders determine what types of influence they exert. Stakeholders are part of the entire organization and can influence both in decision-making and in strategic organizational development. Many require the opinion of those for use and validation (RIGBY, 2009). So creating sustainable value (CVS) can improve our understanding must begin to grasp to relationship with external stakeholders and internal stakeholders.

*b) Creating sustainable value (CVS)*

The conceptual model of the present work and develope by Claro et al. (2014) global challenges associated with sustainability, considered from the perspective of business, can help to identify strategies and practices that contribute to a more sustainable world and, at the same time, directed to generate shareholder value.

Hart and Milstein (2004) recognize two dimensions and four strategic approaches. The dimension of time and space are a) vertical axis: represents the need simultaneously to the Organization has to maintain the current process and to create the technology and markets of tomorrow, aiming at short-term and long-term results b) horizontal axis: highlights the need for the Organization's growth, protection of the internal organizational skills and potential, as well as new perspectives and expertise to the organization. This dimension is the technical essence of protection organization, so that it can operate without interference and still keep open to absorbing new models, technologies and market prospects.

The following four strategies approaches draw following. The first approach, in the lower- left quadrant, concerned with the cost and risk reduction, motivator for wealth creation, which happens through the reduction of losses from legal liabilities and the emphasis on operational efficiency, resulting in higher returns to the Organization, generating sustainable value to shareholders, bringing sustainable vision. The second relates to the upper left quadrant, where by creating products and services for the future through the



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development and acquisition of new skills, competencies and technologies that will enable the growth of the Organization, the corporate return happens to focus on sustainable innovations. The third approach, in the right lower quadrant, reveals the importance of stakeholder influences. The interests of these stakeholders require attention of organizational activitie, because their views to be considered and brought into the Organization, generate as corporate return improvements in his reputation and legitimacy that consequently will bring growth of shareholder value; 4) the fourth and final approach, located in the upper right quadrant brings the external dimensions aligned to the future performance of the organization.

*c) Innovation*

According to Tidd, Bessant and Pavitt (2008), innovation is a process of making an opportunity a new idea and put it into use in widest possible way. Schumpeter (1988) advocate that innovation is the process of making new combinations, leading to the setting of new products or services or the production of goods or services in different ways. For the author, innovation can also represent the effect of bringing improvement in the processes. Starting from this premise, the concept of innovation undergoes a paradigm shift regarding economic development, since many authors are beginning to include other aspects in addition to economic.

In this way, only be a breakthrough if any idea if this implemented and once in operation bring results. According to Dosi (1988), innovation relates directly to the discovery, experimentation, development, imitation, and the adoption of new products, production processes, and organizational arrangements. Pavitt (1984) innovate to a product or production process again, or rather, used or marketed successfully for an organization. Simantob (2003), innovation is an initiative, modest or revolutionary, it comes as news to the Organization and to the market and that, applied in practice, brings economic results for the Organization – be they related technology, management, processes or business model. Hall and Vredenburg (2003) note that the traditional approaches of innovation in general focus on a small group of stakeholders; sustainable innovations already consider a wide range of secondary stakeholders such as local communities and societies.

Indeed, the themes are evident to create a new pattern of conscious consumption (Scherer and Poleda, 2002) and the promotion of more sustainable organizational practices (BOCKEN et al. 2014).

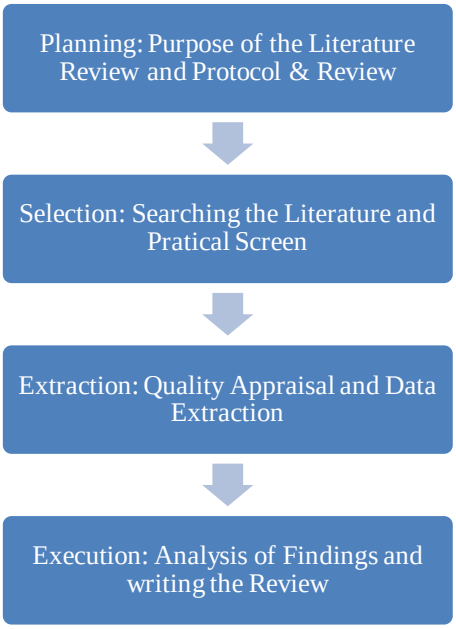
## III. Methodology

To conduct the present study, the objective of this section is to describe the research methodology and to explain how data collected, and how results obtained and analyzed. A systematic literature review is an explicit, comprehensive and reproducible method (Okoli; Schabram, 2010), to identify, appraise, and synthesize all available research relevant to a particular research question, or topic area, or phenomenon of interest, which may represent the best available evidence of a subject (Cruzes; Dyba, 2011), see Figure 1.

The motivation of the present study is an applied qualitative approach within the purpose of the research is descriptive (MILES; HUBERMAN; SALDAÑA, 2014). In order to answer this question, to conduct a literature review, a search methodology the strings were: "Stakeholders Theory, Innovation, Creating sustainable value". Around the most relevant articles reviewed in detail after the screening process. According to the review literature and select, the articles screened by reading the abstract part and a quick scan of the main body of papers. In selecting the papers included in our literature review inclusion/exclusion criteria, for example, these manuscripts are short non-refereed papers, and those published in commercial magazines, which not regarded as scientific contributions, and eliminating these duplications. Further scientific articles databases founded in the google scholar database used to achieve the purpose of this research. The main research question is: How the creation of sustainable value network occurs and preserved to valuable knowledge and innovation through stakeholder engagement?



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*(Adopted: Okoli; Schabram, 2010)*

*Figure 1:* A systematic guide to literature review development

## IV. Discussions and Conclusions

Despite the mainly ambitions articulated by the model Hart and Milstein, covered in this article, combine short and long-term challenges under the internal and external perspectives to organizations. Consider the total set of barriers of sustainability can help create value for its shareholders and represent one of the most understated paths to profit growth in the future. The companies should not considered.

Hart and Christensen (2002) the bottom of, the pyramid, markets provide an ideal learning environment for the development of disruptive innovations, where helps organizations in the combination of corporate growth with social responsibility. Rodrigues and Barbieri (2015) the base of the pyramid is a promising market and should be the target of companie strategies because it has a huge population, that although individual recipes small, generates a total amount. We must think of new goods and services and not replications versions created averages of the pyramid or produced by obsolete processes. It can stimulate or prevent the replacement of old ways for new forms of production and consumption (CRIBB, 2007).

Also the outcomes of this research show how the creation a sustainable value network preserve valuable knowledge and innovation through stakeholder engagement. In this sense, organizations interact in a competitive environment, indicating a new form of organization, learning, and knowledge, with strongly attributes relationships to strategic decisions and notably the values of sustainability innovation. A second argument as the decision to innovate, that related with how the creation a sustainable value network occurs and requires all those involved in the innovation process are ready to face the new challenges and willing to change their behavior.

In this respect, yet while these challenges call for bold innovation the time (present and future) and space (internal and external). This research aims to fill this gap by developing innovations generates each provides benefits for stakeholders, and among the options for creation of sustainable value (CSV) network, contemplates a positive performance in these dimensions.

Further, this study was to answer how the creation of sustainable value network (CVS) occurs and preserved to valuable knowledge and innovation through stakeholder engagement. In short, the present study based on the review of the literature this paper addressing the concepts of Stakeholders' Theory, Creation of Sustainable Value (CVS, and innovation. As the main theoretical contributions of this study, we present a contribution of how the stakeholder engagement attracts new companies to the network, resulting from increased versatility. Further studies can explore the relation social and environmental reality can also be applied to willing to change their behavior in other operations management complex problems faced by companies.

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# Motivational Needs for Construction Industry Employees in Gulf Countries-Kuwait Case Study

By Ehab Soliman, Hashem AlTabtabi & Aisha AlMeer
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*Abstract-* Kuwait is mentioned as one of multi-national workplaces. It is important to identify motivating factors that affect the workers in Kuwait construction workplaces. Maslow's hierarchy is the most common theory of motivation. Many studies investigated the application of Maslow's hierarchy in many places around the world. This study surveyed the motivational needs of employees working in the construction industry in Kuwait. A questionnaire designed to evaluate the motivation needs of employees for different public and private sector in Kuwait industry. Ten motivators were used to describe the five hierarchical levels derived from Maslow's theory. Relative Importance Index (RII) was used to identify motivational needs for different categorizes in Kuwait workplaces and rank them. This rank was compared with what is mentioned by Maslow. Comparison between motivational needs' levels was done to clarify the differences of these needs from gender, sector, level of organization and other categorizes. Spearman rank correlation was used to distinguish the difference between different surveyed categories ranking.

*Keywords: kuwait–motivation–employee – construction.*

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# Motivational Needs for Construction Industry Employees in Gulf Countries – Kuwait Case Study

Ehab Soliman [α], Hashem AlTabtabi [σ] & Aisha AlMeer [ρ]

*Abstract-* Kuwait is mentioned as one of multi-national workplaces. It is important to identify motivating factors that affect the workers in Kuwait construction workplaces. Maslow's hierarchy is the most common theory of motivation. Many studies investigated the application of Maslow's hierarchy in many places around the world. This study surveyed the motivational needs of employees working in the construction industry in Kuwait. A questionnaire designed to evaluate the motivation needs of employees for different public and private sector in Kuwait industry. Ten motivators were used to describe the five hierarchical levels derived from Maslow's theory. Relative Importance Index (RII) was used to identify motivational needs for different categorizes in Kuwait workplaces and rank them. This rank was compared with what is mentioned by Maslow. Comparison between motivational needs' levels was done to clarify the differences of these needs from gender, sector, level of organization and other categorizes. Spearman rank correlation was used to distinguish the difference between different surveyed categories ranking. The study revealed that the hierarchical level of motivation needs for employees working in the construction industry in Kuwait is not as mentioned by Maslow. The first level in Kuwait is the security level, which is the second level as Maslow. While the lowest level from this study was self-esteem which is on the fourth level in Maslow. The study revealed that there is no significant correlation for needs ranking between surveyed categorizes. This study is important to understand and improve the working environments of the different construction workplaces in Kuwait and any similar work environment such as gulf countries.

*Keywords: kuwait–motivation – employee – construction.*

## I. Introduction

Maslow's hierarchical theory describes the needs of a human being to be motivated. Maslow's theory is introduced in 1948-1953 by an American scientist Abraham Maslow. This theory is the base for all introduced motivation theories after that. Much research work conducted around the world to evaluate application of this theory. In this research, the motivational needs of employees who work in the Kuwait construction industry are identified. There is almost no research work studied the motivational sources of personnel working in the construction industry based on Maslow's theory of hierarchical needs. This study aims to identify the motivational factors that affect personnel performance who working in construction industry in Kuwait. These motivational factors are ranked based on the Maslow hierarchical levels and compare this rank of levels with which is driven by Maslow.

Many criticisms targeted Maslow's theory because it ignored some of the dynamics and emotional needs that might be added to human needs. In spite of this criticism, this theory is still valid and attracts many of research work and applications around the world.

## II. Objective

This study aims to identify the motivational needs of employees who work in the construction industry in Kuwait. The other objective is to compare these needs with what is proposed by Maslow's theory.

## III. Literature Review

### a) Motivation Definition

Motivation has been defined according to Cox et al. 2006 as "providing a drive to act to satisfy needs or desires". According to (Gagne & Deci, 2005), Motivation is divided into Intrinsic motivation and Extrinsic motivation. Intrinsic motivation depends on the activity itself, and it states that the reason behind doing an activity is that the person finds the activity interesting and leads to self-satisfaction. On the other hand, extrinsic motivation requires contribution between the activity and other separable consequences such as tangible rewards, which means that the satisfaction does not result from the activity itself but from the extrinsic consequences to which the activity leads.

### b) Maslow motivation theory

This theory was developed by Abraham Maslow 1943-1954. It states that all people have needs and they are working towards satisfying those needs. The needs are arranged according to their importance in a 5 sequential hierarchical levels. Needs of the lower-order level must be fulfilled before the higher-order needs. Level one which the lowest level includes physiological needs which are the biological requirements for human survival such as food, drink, air, shelter, rest and sleep. If these needs are not satisfied the human body cannot

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function properly. Maslow considered physiological needs the most important as all the other needs become secondary until these needs are fulfilled. Level two includes safety needs such as protection from fear and pain, safe working environment, and job security. Level three includes the social needs and belongingness needs such as love, affection, relationships with family and friends. Level four includes self-esteem needs such as self-confidence, achievement, recognition, being respected by others and prestige. Level five which is the highest level of the hierarchy include self-actualization such as personal growth and fulfillment, opportunities for innovation and creativity and problem-solving.

Maslow (1943) initially stated that individuals must satisfy lower level needs before progressing to meet higher level needs. However, he later stated that satisfaction of a needs is not an "all-or-none" phenomenon, confessing that a need must not be satisfied 100 percent before the next need emerges" (Maslow 1987).

Although this theory is invented in the early 20th century, it still attracts many studies and researches regarding application and criticism of this theory. Many of studies around the world discussed the application of Maslow's theory in motivating many sectors, types of workers, types of customers… and many others. Although this theory is widely accepted all over the world, there is criticism oriented to the theory. These critics summarized as:

- The theory assumes that all people practice motivational needs in the same order ignoring cultural and individual differences.
- The theory is rigid and not take into consideration the dynamic effect of the work environment.
- The theory ignores the unstable characteristic of employee needs.
- Also, substantial satisfaction of one need level doesn't necessarily lead to the next higher need level.
- The needs hierarchy is based on US cultural values which are basically individualistic. In collectivist societies, for example, social needs may be considered more important than physiological needs. In countries such as China, and Korea, which have collectivist cultures, belonging and security are significantly more important than growth or self-actualization. (Patrich, and Cianci 2003)
- The theory did not take into consideration the spiritual needs (Bouzenita and Boulanouar 2016).

In spite of so much criticism, Maslow's hierarchy theory continues to be popular, perhaps due to its simplicity and ease of application.

*c) Kuwait construction industry*

Kuwait state is one of the oil producer countries located in the gulf area. Kuwait is ranked as the tenth of oil producer list and it owns approximately 8% of world crude oil reserves (EIA 2016). The construction contribution to GPD is about 7%. There are 177,696 persons working directly with this industry in Kuwait (CSB report 2014). There are many challenges facing the construction industry in Kuwait, but one of the most significant is low productivity (Jarkas and Bitar 2012), project time overrun (Soliman, 2010) and many other problems. Employees' motivation in the construction industry has a great role to handle some of these problems. There is very limited research work that dealt with employee motivation in the construction industry in Kuwait. This study is an attempt to understand the motivational needs that are affecting the workforce that working in the Kuwait construction industry. This investigation is conducted through a wide survey in many of different construction organizations in Kuwait.

## IV. Methodology

A questionnaire is designed to collect data regarding motivational factors that are affecting employees' motivation. These factors are driven from Maslow's theory.

*a) Questionnaire design and sample*

The questionnaire was distributed among a random sample in different working places including the public and private sector working in the construction industry in Kuwait. This sample contains the Ministry of public works, Kuwait Credit Bank, Ministry of Health, Ministry of Education, Kuwait University, Kuwait Central Bank, Kuwait Finance House, National Bank of Kuwait, Kuwait Oil Company. The total number of questionnaires was 601 questionnaires and the completed number of returned questionnaires is 283 completed questionnaires by a rate of 47% of questionnaire return. The questionnaire formed in two parts. It started with participant general information. It asks about gender, age, educational level, and job title. The second part of the questionnaire was a question that includes factors that influence motivation among employees. The factors were chosen based on the five needs of Maslow's theory with two factors representing each need. Salary and bonuses represent the physiological needs while job security and promotion/growth factors represent safety and security needs. Recognition received for doing the job and Enjoyment of the work factors represents social needs. Responsibility (being given responsibilities by management) and equality (being treated fairly) represent the self-esteem needs. The last need which is the self -actualization is represented by the last two factors which are expectancy (a belief that effort will lead to the achievement of a target) and relationships (having a good relationship with management and colleagues). Each factor has 5 scale where the value of "1" stands for no influence whereas "5" shows the greatest influence.

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## V. Analysis and Discussion

*a) Survey Respondent Demographics*

Table 1 shows the study sample size analysis. The analysis is based on the sample of 283 responses which consists of 166 females and 117 males. Regarding education level, 65.4% of the respondents have a bachelor's degree 14.5% had a diploma, 14.1% had a master's degree and 6% had Ph.D. The number of respondents working in the public sector is 217 with 76.7% while the private sector employees were 66 with 23.3%. The sample included 227 employees with 80.2% and 56 managers with 19.8% as shown in table (1).

*Table 1:* Distribution of the Participants' Personnel Information

| | | No | % |
|---|---|---|---|
| Gender | Male | 117 | 41.3 |
| | Female | 166 | 58.6 |
| Educational level | Diploma | 41 | 14.5 |
| | Bachelor | 185 | 65.4 |
| | Masters | 40 | 14.1 |
| | PhD | 17 | 6 |
| Workplace | Private Sector | 66 | 23.3 |
| | Public Sector | 217 | 76.7 |
| Job title | Manager | 56 | 19.8 |
| | Employee | 227 | 80.2 |

*b) Motivational needs ranking*

The Relative Importance Index (RII) was used to analyze and rank the data provided by the questionnaire. A rating scale of 1 to 5 was adopted with 1 representing the lowest level of effect and 5 representing the highest level. A relative importance index is a common tool used to rank different aspects for a questionnaire of Likert scale answers. The RII for each motivation factor is calculated by the following equation as used by (Fagbenle et al. 2004).

$$RII = \frac{\sum_{i=1}^{i=5} wi * ni}{5 * N} \text{ ----------(1)}$$

Where,

wi = Respondent's rating from 1 for no influence to 5 for greatest influence.

ni= frequency for each rate

N = sample size.

Table 2 shows the ranking of motivational needs based on RII values. As shown in Table 2, the first important level is the security level followed by the self-actualization level. The physiological needs level is ranked as the fourth level rank. Comparing the analytical motivational needs in Kuwait construction employees with what is mentioned by Maslow's theory showed that there is a big difference between them.

Kuwait state is one of the gulf countries with a high rate of income (Salary survey 2019). Employees in such countries might not have the same importance for facilitating physiological needs as they have been provided by most of these physiological needs. Because of oil price declination during the past few years, the government and private sectors cancelled many of the scheduled projects. Also, the offered jobs have been reduced dramatically during this period. This situation affects job security, so the surveyed employees rank security as the first rank for their motivational needs.

*Table 2:* Motivational Needs Ranking compared to Maslow's Theory

| Global (sample size, N =283) | | | | *Motivational Needs as per Maslow theory* |
|---|---|---|---|---|
| hierarchical needs level | Motivation Factors | RII | Ranking | |
| physiological needs | Salary | 0.872085 | 4 | 1 |
| | Bonuses | | | |



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| | | | | |
|---|---|---|---|---|
| safety | Job security | 0.888339 | 1 | 2 |
| | Promotions/growth | | | |
| love / belonging | Recognition | 0.878445 | 3 | 3 |
| | Enjoyment | | | |
| self-esteem | Responsibility | 0.853004 | 5 | 4 |
| | Equality | | | |
| self-actualization | Expectancy | 0.881625 | 2 | 5 |
| | Relationships | | | |

In the coming section, we will distinguish the difference between motivational needs ranking for different surveyed categorizes.

Tables 3 to 6 show the difference between surveyed categorizes and Maslow's theory motivational needs ranking.

*c) Categorizes ranking of motivational needs*

*Table 3:* Comparison Between Kuwaiti' Male and Female Motivational Needs with Maslow

| hierarchical needs level | Male Ranking | Female Ranking | Maslow Theory Rank |
|---|---|---|---|
| physiological needs | 3 | 4 | 1 |
| safety | 2 | 1 | 2 |
| love / belonging | 4 | 2 | 3 |
| self-esteem | 5 | 5 | 4 |
| self-actualization | 1 | 3 | 5 |

As shown in Table 3, the male category chose self-actualization, while the female group chose safety as their first motivational needs. Both of groups are different in needs ranking and the two groups are different than Maslow's hierarchical ranking.

*Table 4:* Comparison Between Motivational Needs Per Workplace and Maslow

| hierarchical needs level | Private Ranking | Public Ranking | Maslow Theory Rank |
|---|---|---|---|
| physiological needs | 2 | 4 | 1 |
| safety | 1 | 1 | 2 |
| love / belonging | 4 | 3 | 3 |
| self-esteem | 5 | 5 | 4 |
| self-actualization | 3 | 2 | 5 |

As shown in Table 4, both categorize who are working in public and private sectors chose safety as their first motivational needs. This is because of the instable situation of the economic situation in gulf due to oil price declination. Both groups are differencing than Maslow's hierarchical rank.



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*Table 5:* Comparison Between Motivational Needs Per employee position and Maslow

| hierarchicalneeds level | Employee Ranking | Manager Ranking | Maslow Theory Rank |
|---|---|---|---|
| physiological needs | 4 | 3 | 1 |
| safety | 2 | 1 | 2 |
| love / belonging | 3 | 2 | 3 |
| self- esteem | 5 | 5 | 4 |
| self-actualization | 1 | 4 | 5 |

Managers chose safety as their first motivational needs, while employees chose self-actualization as first need. Managers who have big experience and get more salary will find difficulty to get job if they lost their current jobs. So they search for a job with safety more than other needs.

*Table 6:* Comparison between Motivational Needs Per Educational Level and Maslow

| hierarchical needs level | Diploma Ranking | Bachelor Ranking | Master's Ranking | PhD Ranking | Maslow Theory Rank |
|---|---|---|---|---|---|
| physiological needs | 1 | 4 | 5 | 1 | 1 |
| safety | 2 | 1 | 2 | 1 | 2 |
| love / belonging | 4 | 3 | 1 | 4 | 3 |
| self-esteem | 5 | 5 | 2 | 5 | 4 |
| self-actualization | 3 | 2 | 4 | 3 | 5 |

As shown from Table 6, the diploma and Ph.D. holders put physiological needs as first motivation, while bachelor holders chose safety and who have master's degrees chose to belong needs as their first motivator.

As shown from the above Tables that the ranking for motivational needs is different from each surveyed category.

Table 7 shows the correlation factors for the surveyed categories. These factors are calculated using SPSS 25. As shown from Table 7, there is no remarkable correlation between surveyed categorizes ranking except the correlation between Diploma and Ph.D. holders. Table 3 shows also that there is no significance for most of these surveyed categorizes.

*d) Level of Agreement Between Different Respondents Categorizes*

*Table 7:* Correlation Factor for Surveyed Categorises Hierarchical ranking

Correlations factors

| | | male | female |
|---|---|---|---|
| male | Correlation Factor | 1 | 0.500 |
| female | Correlation Factor | 0.500 | 1 |



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| | | public | private | | |
|---|---|---|---|---|---|
| public | Correlation Factor | 1 | 0.700 | | |
| private | Correlation Factor | 0.700 | 1 | | |
| | | manager | employee | | |
| manager | Correlation Factor | 1 | 0.400 | | |
| employee | Correlation Factor | 0.400 | 1 | | |
| | | dimple | bachelor | master | Ph.d |
| dimple | Correlation Factor | 1 | 0.400 | -0.674 | .972** |
| bachelor | Correlation Factor | 0.400 | 1 | 0.096 | 0.530 |
| master | Correlation Factor | -0.674 | 0.096 | 1 | -0.527 |
| Ph.d | Correlation Factor | .972** | 0.530 | -0.527 | 1 |

## VI. Research Limitation

Due to the small number of samples, the concluded results are controlled by this sample size. As this study is conducted in Kuwait, so the study results are limited to the work environment of Kuwait or any other similar work environment such as gulf countries.

## VII. Conclusion

Maslow's theory ranked the human motivational needs as in five hierarchical ranks. Lowest-order needs must be fulfilled before the higher-order needs. A questionnaire distributed to employees working in the Kuwait construction industry. RII and correlation factors were used to rank surveyed sample their motivational needs. In Kuwait, the most important motivational need was security more than physiological needs. Each surveyed category such as male, females, private, public sectors has their own motivational needs. All of the surveyed categorizes chose rank different than what is mentioned by Maslow. This study results prove that the motivational needs are changed due to differences in work conditions, gender, work environment and there is no common rank for motivational needs.

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# Outsourcing Human Resource Functions and their Impact on Organizational Performance

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*Abstract-* In today's rising competition, the benefit generated by the development of high organizational quality is becoming more important. The role of human resource tasks and the culture of organizations can impact the achievement of substantial organizational effectiveness, which in return draw much more attention from both theoreticians and practitioners. Outsourcing is deemed one of the tools which companies use to reinforce their core competencies to assign their resources effectively. The rise of globalization has transformed outsourcing into one of the broadly adopted business plans towards supplying exceptional services to consumers. As can be seen by the ever-increasing trends in outsourcing, the literature on how outsourcing activities affect manufacturing companies' results is insufficient. The main aim of this research was to investigate the impact on the performance of the outsourcing of human resources functions.

*Keywords: outsourcing, human resources, organizational performance, performance.*

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# Outsourcing Human Resource Functions and their Impact on Organizational Performance

Atyeh Mohammed Alzhrani

*Abstract-* In today's rising competition, the benefit generated by the development of high organizational quality is becoming more important. The role of human resource tasks and the culture of organizations can impact the achievement of substantial organizational effectiveness, which in return draw much more attention from both theoreticians and practitioners. Outsourcing is deemed one of the tools which companies use to reinforce their core competencies to assign their resources effectively. The rise of globalization has transformed outsourcing into one of the broadly adopted business plans towards supplying exceptional services to consumers. As can be seen by the ever-increasing trends in outsourcing, the literature on how outsourcing activities affect manufacturing companies' results is insufficient. The main aim of this research was to investigate the impact on the performance of the outsourcing of human resources functions. Therefore, the results revealed that outsourcing HR functions play an important role in the improvement of organizational performance which can be characterized in three major dimensions; productivity, profitability, and cost efficiency. This study is limited to literature analysis and in future the three dimensions found by research can be investigated empirically. Policy makers and human resource managers can incorporate the strategies suggested by study to increase the performance of their organization.

*Keywords: outsourcing, human resources, organizational performance, performance.*

## I. Introduction

The most important objective of the organization is the wise & effective utilization of its available resources. Therefore, the importance of the productive utilization of these resources has become more debatable in this modern and competitive era. This adequate use of organizational resources ultimately will equip the organization with perfectly framed goals, objective, and strategies. Hence, the carefully designed framework will help in achieving higher organizational performance. In the recent decade the economists dedicating their immense efforts for developing and quantifying the term human capital, they are implementing the term human capital through the concept of expenditure incurred in the development of human being. It includes promotional activities related to the development of education, training, healthcare, and nutrition-related factors. Human capital is an investment in five categories, education, on the job training, migration, health, and economic information, the investment in these can enhance their choices and welfare (Schultz T., 1971). The model by Becker S. G. (1962) explained that the firms feel uncomfortable investing in human capital for the development of general skills because the cost incurred in these programs is hard to recover, rather the firms only show willingness to invest in only firms specific skills, that are useful for investing firm but not for other firms. The human capital is defined as organizational input in the talents and technologies which can uphold organization to drive benefit in developing competitiveness, which is exceptional, valuable and to be kept secret from the other organizations. Thus, the employees acquiring exceptional, valuable, competitive skills and capabilities are qualified as human capital (Chen & Lin, 2005). Huang, Luther, Michael, & Roszaini (2013) concluded human capital as the most important asset of an organization. In addition, it appends with its workers and includes the years of formal education, working experience and period of managerial expertise. Moreover, it is a mixture of aptitude factors that distinguish organizations and take part in its performance and production.

Organizations need to build and concentrate on their substance competencies to succeed in a competitive global market and to achieve growth in the long period (Potkány, 2008; Merrifield, 2006; Li-Hua & Simon, 2007; Kirchner, 2006). Organizations require proper planning and execution of strategies to improve levels of productivity and to shift workers ' views, beliefs and attitudes (Hirshman, Cords, & Hunter, 2005), Business and economic practices are continually evolving (Kong, 2007).

Some authors found that manufacturing sectors have produced advanced product lines requiring specially qualified operators (Sullivan, 2006; Thapanachai, 2004). In addition, the use of ICT (information technology communication) and quicker flows of information have brought revolution to our living style and the business managing path. Consumer requirements and demands have forced corporations to repair and redesign new structures to meet market requirements (Entrekin & Court, 2001). The argument about the outsourcing of human resources (HR) is getting more attention, outsourcing of human resources is seen by some as an advantage for the HR role and others consider it as a risk. The first group who consider it an advantage suggests that outsourcing HR is a tool that creates time for HR to become a strategic partner.

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The second group point of view is that outsourcing of HR is a cost-cutting tool that eventually decreases HR personnel (Delmotte & Sels, 2008). Outsourcing may generally be interpreted as a company that transfers its un-core functions to an outside company that provides a specific service, task or product (Hansen, 2009; Lawler & Mohrman, 2003), Many researchers wrote that outsourcing is no longer limited to IT services, but has grown to include fiscal services, services of the banking, services provided by engineers, innovative services, services that manage the data, human resource management (HRM), and etc.. (Bielski, 2007). HR functions outsourcing may be considered as a way that can improve the efficiency of any company (Lawler & Mohrman, 2003). As the inner and outer organizational environment changed, the concept of the HR function has changed (Zhu & Warner, 2004). The emphasis has been on shifting jobs and strategic HRM not on conventional organizational and administrative viewpoints (Beardwell & Claydon, 2007). In particular, the contemporary approach to HRM is to elucidate the connection between HRM and business strategy. In addition, organizations must consider how HRM can be used strategically for the attainment of organizational goals (Thompson, Strickland, & Gamble, 2005).

*a) Problem statement and research objectives*

The knowledge, skills, competencies, and attribute embodied in the individuals that can assist them in the economic well-being of an organization can be characterized as human capital. In addition, human capital stands crucial among the others intangible assets of the organization. Furthermore, it is a significant intangible asset which draws more amount of competitiveness advantage, especially in the knowledge-intensive industries where the more amounts of knowledge, skills, and expertise drive more volume of competitive advantage by ensuring their survival (Munjuri, K'Obonyo, & Ogutu, 2015). The essential problem of almost every organization is achieving their stated goals and objectives on the way to attain greater organizational performance. Therefore, the well-developed and wisely managed human capital is crucial for every organization to compete and achieve exceptional performance.

To stay alive in the modern business globe, a company needs to concentrate on velocity, resilience, and lightness. To achieve this, corporations are required to emphasis on key and core qualifications when making deals on non-core tasks with an outsider entity to perform this role as one of their key operations (Entrekin & Court, 2001; Lee, 2008; Young, 2007). This shift in focus requires a more strategic HR function (Francis & Keegan, 2006). A number of numerous scientists say HR outsourcing is one such strategy as cost reduction, increased flexibility, access to advanced technology and an focus on core activities (Khanna & New, 2005; Lilly, Gray, & Virick, 2005) that is utilized by business managers to meet the requirements and objectives of the organization. There still remains a significant confusion as to how outsourcing activities of human resources can influence company performance, if HR practices have an on the improvement of performance. This study is going to investigate the relationship between human resource functions outsourcing and organizational performance.

The main objective of this study is to examine the impact of outsourcing HR functions on the performance, this study is also going to achieve these sub objectives;

1. To determine the major factors that impact the decision to outsource HR activities.
2. To understand the benefits and risks associated with outsourcing.

## II. Literature Review

*a) Outsourcing*

The definition of outsourcing is referred to as a perceptive of management, in which a corporation appoint as representative a number of noncore functions to services suppliers that are characterized of efficiency and expertise. In other words, outsourcing (derived from outsource i.e. external source) can be referred to as the purchase of goods or services that were internally provided at an earlier time (Elmuti & Kathawala, 2000). Outsourcing is conceived to be one of the major fundamental principles in the time of global market and e-economy, regarding the modern method to fix the eyes on the correlations among corporations. There is no structured particular course of action presented that is capable of providing the approval and encouragement to the govern of the evolution of an all-inclusive outsourcing procedure without being affected by outsourcing large distribution, huge business cases and big deals of material that provides official information able to be obtained on network or press (Franceschini & Galetto, 2003). Cost-effectiveness and the restructuring of producing are conceived as the most significant factors that cause outsourcing to happen or develop. Outsourcing can help corporations' determined exertions to be centered on core business, medium/long-term goals and chances of diversification (Linder, Cole, & Jacobson, 2002). The outsourced and the outsourcer are perceived to be the major actors of outsourcing procedures, the outsourced (customer), outsources his procedures, while on the other hand the outsourcer (the enterprise) delivers outsourced services, the interface pertaining to an organization is perceived as the owner of the procedure, regarding the two enterprises in the time of all the outsourcing activities (Franceschini & Galetto, 2003).

Whenever an organization establishes a contract with another organization in order to either

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provide a service or a product that is characterized by vital importance, outsourcing eventuates. Internal traditional work is transferred to an outside supplier, in addition to the employees being on numerous occasions shifted to the provider of the service, outsourcing varies from alliances or collaborations or joint ventures because resource flows are one-way, from the provider to the client, there is typically no sharing of profit or mutual contribution (Belcourt, 2006). Nearly all companies are outsourcing, and the trend is growing, in a study conducted by Hewitt Associates, (94) percent of companies subjected to the survey said they had outsourced one or more human resources functions (Gurchiek, 2005), in the event that the company needs experts and cannot afford to hire or train them, it may be a way to outsource them. Many companies want cost savings or better products or expert or software exposure as the basis for their outsourcing decision, some executives, however, treat outsourcing as a solution without first identifying what the problem is (McCauley, 2000). At least six main reasons exist to outsource organizations: financial savings, strategic focus, access to advanced technology, improved level of service, access to expertise, and organizational policy; the first reason given for the decision to outsource is to save money, organizations assume that the outsourcing of a role like wage will reduce costs, when the manufacturer, such as Ceridian, specializes in benefits administration, focuses on one field and provides this service to many companies, economies of scale can be achieved. Specialist vendors are more effective because training personnel and research and development costs can be expanded to more users (Belcourt, 2006). The second reason behind outsourcing is strategic focus; an evolution was observed in the last decade, regarding outsourcing procedures from traditional to strategic, whenever a non-critical procedure for the corporation is outsourced, it is conceived as traditional outsourcing (Franceschini & Galetto, 2003). This is the matter for actions not requiring particular qualifications by the provider, like for example services of canteen or cleaning. Whenever everything but special actions that could accomplish a distinctive competitive edge is outsourced, it is perceived as strategic outsourcing (Quinn & Hilmer, 1994; Willcocks & Choi, 1995), enterprises that have sought out to outsource companies reported decreasing administrative tasks by more than half and increasing their strategic emphasis by 40% (Oshima, Kao, & Tower, 2005).

Technology and the ability to get access to it is the third factor that plays a role in the need for organizations to outsource, it can be seen as a driving force behind outsourcing trend, many functions are outsourced because organizations want to improve technical services or are unable to find technical skills or need quick and reliable access to new technologies. Much of the traditional HR service included responding to employee inquiries or changing employee files, so interactive voice responses and companies that specialize in this service can easily handle these tasks, technology also reduces processing time for an organization, the time it takes to process an inquiry (Belcourt, 2006). Another reason for outsourcing is the enhancement in performance. The contract can include performance standards more closely than is usual for current and long-term employees. Managers can choose the' best-of-breed' suppliers who can employ and recruit their staff with outstanding records and greater flexibility. An additional reason given by certain outsourcing companies is that they find HR laws and regulations so confusing that they want to outsource to businesses with the specific expertise they need (Belcourt, 2006). HR departments are frequently criticized for their bureaucracy. HR customers see noticeable flexibility, response, and performance development when using a service vendor who is majored in service. Most companies can earn dominance over their level of service because their contract outsourcing can quantify outcomes (Cooke, 2004). The access to specific expertise can also be notices as a factor that causes outsourcing, the slogan is "Outsource, if someone can do better than you." One explanation some businesses have provided for the need of outsourcing is that they consider the laws and regulations regulating HR so complicated that they want to outsource to attain specific expertise. Having experts also decreases corporate hazards and liabilities. Specialists possess the knowledge about the legislation more than anyone else and they can make sure that all the practices of a company are subjected to legislations (Belcourt, 2006)

The outsourcing role is not as clear as an internal department that carries out same tasks. Many companies opt to outsource a struggling unit, for example one where workers are not doing well. Outsourcing decreases head count as well, in the public sector head counts are of great importance; the fewer payroll workers, the more satisfied the tax payer, there is an indication that the system is not as effective and problem-free as expected for companies with expertise in outsourcing (Belcourt, 2006).

*b) Human Resources Outsourcing*

Human resource outsourcing (HRO) is described as a third party supplier's procurement of HR services (CIPD, 2009). It is also known as "the procurement from a third-party provider by an organization of ongoing HR services which they would normally provide themselves otherwise" (Tian, 2007, p. 55). Human Resource Outsourcing is the transferal of components of the HRM function or activities of a corporation to an administrator outside the corporation itself (Reed, 2001). No new is HRO for instance,



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companies generally include law firms for guidance on HR regulations. Ghassemieh, Thach, and Gilinsky (2005) advocate an economic HR strategy to outsource the HR function. In fact, several organizations outsource all or some HR activities, since they are unable to allow talent in all sectors of the operations of the organization, either part-time or full-time, (Greer, Youngblood, & Gray, 1999). Other outsourced human resources activities include recruitment and selection, compensation, relationships with the industry, and occupational safety and health (Armstrong, 2006; Davidson, 2005; Hansen, 2009; Staff, 2006; Weinberger, 2008), among others. Nonetheless, it is debated whether or not the HR function should be outsourced and focuses on the benefits and drawbacks of HR outsourcing over the production of internal programs (Fitzpatrick & Dilullo 2007). Despite evidence that there are both advantages and disadvantages to outsourcing HR practice (Kosnik, Ji & Hoover,2006; Stopper, 2005) the popularity of outsourcing for HR has grown quickly during the last decades, with many organizations choosing to outsource all or some of their HR activities.

The design and management of HR functions in prevailing business environments needs thorough-depth planning that mostly includes considerable effort and investment (Henneman, 2005; Sullivan, 2005). This assumption has demonstrated that the HR function has turn out to be the most common outsourcing function (Hansen, 2009; Bednarz, 2005; Henneman, 2005; Hayes, 2006). A survey made by Pollitt, Gelman and Dell (2004) of 125 firms indicates that 80% of these firms are now outsourcing major HR functions, with most of these firms continuing to expand their options in this field. The study has also shown that less than 1% of these organizations have restored internal services. Specific processes covered by any outsourcing arrangement vary from organization to organization. Although some companies can outsource almost any HR system, others choose specific components such as payroll and assets (CIPD, 2009). The research evidence shows that most companies are happy with their HRO programs, which makes companies comfortable with non-transactional outsourcing functions such as employee relations, the Human Resource Information System (HRIS) and hiring by fulfilling the initial transactional and operational aspect of HRO (Igbinomwanhia et al., 2013).

Saha (2005) notes that the existing HR services offered by external service companies are increasingly standardized and effective, and are characterized by;

A. Transparent process which provides easy access to information, usually e-enabled, both for HR system managers and employee users.
B. Processes that are connected across the entire range of HR services by the ability to apply an event-based approach where the employee provides detailed and non-friendly responses to all applicable HR responses.
C. An incorporated service delivery method for HR programs so that all HR responses to a working-life event can be seen.
D. The idea of an integrated software "single platform" that results in end-to-end data management and processing from many sources.

Inside today's companies, several factors drive HR outsourcing, companies must provide quality and service products at competitive prices in order to remain competitive, and that means that organizations, always at the proper time, have the right sort of people. Such types of people are vital to corporate efficiency and sustainability, wherever they may be found (Igbinomwanhia et al., 2013).

The reasons behind HR outsourcing are often tactical or logistical (Kang, Wu, & Hong, 2009; Saha, 2005; Houtzagers & Janssen, 2008). The following factors contributed to HR outsourcing were described by Saha (2005).

The Need for specialized expertise is one of the driving forces behind HR outsourcing is the need to "let those who can do this better than you." Where companies require more specific HR, the second best option is for external vendors to perform formally in-house activities that will increase their expertise and thus improve the quality of the company.

## III. Outsourcing hr Functions

Time Pressures; HR outsourcing allows HR managers to meet the demands of time and competition, thanks to their knowledge, experience and the ability to offer standard deals which can be personalized easily, HR vendors may meet client organizations' specific needs.

Cost Savings; Cost savings were historically the most important rationale for HR outsourcing (CIPD, 2009) and remain an important reason for HR outsourcing. The fact that the HR provider can carry out the outsourced operation in a more economical way implies that companies are able to reduce costs by outsourcing.

Outsourcing, in general, may be described as buying an operation that was or might have been done in-house from external vendors (Gilley & Rasheed, 2000). As a result, HR functions are outsourced to external service providers in the entire or part of the HR role of a company (Pelham, 2002; Adler, 2003). Initially, this pattern indicates that outsourcing involves small segments of the HR structure, especially non-core activities such as the administration of salaries and benefits (Adler 2003). However, many other facets of the work of HR have been added to this, including key tasks such as HR planning and design (Stroh & Treehuboff, 2003). Other outsourcing practices include education, hiring, relocation and HR information systems (Gilley et al. 2004). Whatever HR activities are outsourced, as

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long as they are able to have good relations with their service providers, the company will gain the maximum from those activities. Those working hard to partnership the external provider were more successful than those who saw outsourcing as a way to dump transaction work on an external party (Oshima et al. 2005). One of the most important assets of an organization is the function of human resources. The degree to which the organization can achieve its goals largely depends on its ability to attract the right quality and amount of human resource (HR) capital, grow it, retain it and sustain it (Igbinomwanhia et al., 2013). The HR role is to ensure that, where and where required in the organization, the required quality and number of employees are available. The general aim is primarily to encourage the company to achieve its goals through programs and assistance on all issues affecting its employees (Armstrong, 2001). This role involves creating a healthy working atmosphere in which the capacity of the workforce is fully exploited for both the workforce and the organization. Given these critical roles, there was a continuing debate about not abolishing the HR feature (Igbinomwanhia et al., 2013).

A Survey of the current status of HRO amongst the members and their organizations, the Chartered Institute of Human Rights and Development (CIPD, 2009) indicates that the use of

*a) Recruiting Process Outsourcing (RPO)*

Outsourcing the recruitment process is a long-standing and rapidly increasing process. RPO has evolved in terms of size, range, and length in a natural outgrowth of mass recruitment procurement. RPO uses two main reasons to outsource the necessary expertise and cost reduction (Norman, 2009).

*b) Training and Development*

While training is outsourced by companies for a long time, the level of outsourcing is rapidly increasing. The number of training projects and the nature of these projects has increased (Friedman, 2005) as an expanding partner for training and development activities. The strategic importance of outsourced education in the study was emphasized by Gainey and Klass (2013), the researchers use the options cost economies, the theory of social exchanges, rehabilitation to identify factors designed to influence the satisfaction of customers with external training providers. Results show that the relationship is mediated by socially-oriented trust and contractual specificity (Norman, 2009).

*c) Compensation and Salary Surveys*

Frequently consultants like the Hay Group, Hewitt, make executive compensation. The issue of collaborating with other companies to set rates is one of the benefits of outside the wage survey system which is special to this HRM sector. Employer organizations, by subcontracting this operation, often prevent too much participation in industry data collection on pay rates (Çiçek & Özer, 2011).

*d) Organizational Design and Development*

This is a field practiced by policy advisors and HR consultancies, due to the access needed for these activities by senior organizational leaders (Çiçek & Özer, 2011).

*e) HRIS/HRIT: Human Resources information system or human resources information technology*

Accenture builds on its IT outsourcing strength to link information technology to HR through enterprise resource programs such as SAP, PeopleSoft, and Oracle. Also, this is the foundation of HRO structures of multi-process. The licensing costs for ERP technology levied by Oracle and SAP were substantial savings in size (Norman, 2009).

*f) Payroll*

Payroll processing could be the most often outsourced and transactionally repetitive HR-related HRM task (Çiçek & Özer, 2011).

i. *Benefits of HR Outsourcing*

The literature have included the possible advantages of HR outsourcing (Tian, 2007; Kang, Wu, & Hong, 2009, Houtzagers & Janssen, 2008; CIPD, 2009; Nagpal, 2008);

- Focus on Core/Strategic Issues; every company has scarce resources and all managers have limited time and attention. Outsourcing implies that the HRs of the organization shift their focus from the periphery to the core business operations of the organization.
- Cost Reduction; outsourcing reduces operational costs as well as the cost of capital. The customer company benefits from the smaller cost structure of the outsourcer which often results from scale savings and from specialization-based performance. A reduction in the operating costs of the business gives a strong competitive advantage. Therefore, outsourcing reduces the need for significant investments in non-core functions. In order to maintain and improve human resources systems and infrastructure, for instance, businesses must not invest to capital as it is left to outsource businesses.
- Flexibility; by outsourcing, versatility and rate of response to HR issues is improved, this has been learned from the outsourcer's knowledge, skills and technological infrastructure.
- Reduced Risk; when outsourcing companies reduce the burden of the risks by turning them into a third party, hazards can be integrated with the compliance, financing, technologies, legislation, and any issues associated when restriction a



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company, so by outsourcing such risks are passed to the third party who is responsible to manage them

- Increased Efficiency; when outsourcing companies are getting help from specialized and experts to finish their work, development associated with competence will result in decreasing costs, quicker response rate, proper access to advantages and any HR database, and better quality and service.
- Latest Technology Access; organizations should possess highly advanced systems or technologies to efficaciously administer date related to staff in the IT-driven market environment of the current century. Outsourcing enables the newest HR technology to be approached by organizations.

ii. *Risks and Costs of HR Outsourcing*

Notwithstanding its advantages, HR outsourcing is not risk-free (Bahli & Rivard, 2003; Tian, 2007) or cost-free. Examples of the risks listed by Tian for HR outsourcing (2007) are:

- Strategic Risk; one of HR Outsourcing's strategic significance is to make it possible for the organization to concentrate on its main activities. However, in the context of HR tasks, companies often do not know which of their tasks are substantial or not. If the core tasks are outsourced, companies will potentially risk long-term sustainability.
- Operational Risks; another common risk set aligned with HR outsourcing is the organizational or performance issue. Problems such as rising service performance levels, unforeseen cost excesses or business disruptions may severely undermine potential outsourcing benefits. Such risks tend to be higher if the customer and outsourcer do not recognize the appropriate rates of service or if performance control and management are poor and ineffective.
- Cultural Risk; disparities in the working cultures of both the consumer organization and the outsourcer may affect the perceived value of quality and quality of service, and therefore the probability of performance loss.
- Contracting risk; sometimes, administrators are deceived and pulled to make a contract by the well-drafted contract as a substitute for successful risk management. Nevertheless, most outsourcing agreements are either not adequately flexible to accommodate shifts in the market environment or in international jurisdiction are not cost-effectively efficaciously.
- Risk of dependence; one risk that can happen from outsourcing is the loss of control on activities that have been outsourced, and the loss of inside knowledge, which will in return cause the client organization to get completely dependent on the provider of the activity, and if any problems occur between the two parties dire outcomes can result for the client.

iii. *Employees Behavior toward outsourcing*

In addition to these risks, HR outsourcing is also correlated with costs, scholars have specified some of these costs involving; 1) Coordination Costs; the costs associated with the exceeding costs and obstacles of production and exchange with the sundry services suppliers. 2) Costs for transactions; these costs are linked to the process of finding (searching and, picking) the suitable outsourcer, this theory is based on the fact that externalized transactions are more expensive than the internalized ones. 3) Cost monitoring; such costs do occur from the need of the client to concentrate the surveillance of the service provided by the outsourcer, as by doing this, any intent of providing less quality and service or minimizing them by the outsourcer can fade away (Igbinomwanhia et al., 2013)

As with all the new fields of research the psychological aspects of practice have been studied very little in empirical terms (Giardini, Kabst, 2008). It is important how employees feel about BPO because it can affect employee behavior, attitudes or a range of organizational outcomes. Organizations give employees a sense of identity, security and belonging feeling. If they are disrupted, employees can feel uncomfortable and retaliatory as stakeholders. About a third of HR professionals oppose outsourced services as they fear being forced to lose their jobs and work for a contractor and are worried that outsiders will be more qualified (Çiçek & Özer, 2011). HR managers should expect talented employees to start job search and all employees will be reluctant to lose their productivity when rumors are launched about externalization arrangements (Belcourt, 2006). Regardless of the reasons behind the outsourcing activity, the employees feel that their company's outsourcing decisions have resulted in qualitative changes in their employees and psychological agreements. Outsourcing can have a positive impact on some workers by changing their tasks, allowing them to concentrate on activities with a high added value and eliminating repetitive and boring activities. Outsourcing can, however, lead to job losses for some employees (Adler, 2003). Outsourcing can have a positive impact on some workers by changing their tasks, allowing them to concentrate on activities with a high added value and eliminating repetitive and boring activities. Outsourcing can, however, lead to job losses for some employees (Adler, 2003). Given these major employee impacts, outsourcing could lead to a perceived psychologic transition, which could lead to adverse organizational results, such as perceived smuggling (Kessler, Coyle- Shapiro & Purcell, 1999), dissatisfaction in employment (Cooper, 1999),



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depression and low levels of self-esteem (Applebaum, Simpson, & Shapiro, 1987).

The repercussions of outsourcing strategies on work quality, attitudes and performance of employees were investigated by Elmuti, Grunewald, and Abebe (2010), the attitude findings show that outsourcing strategies have a negative impact on the perceived quality of the dimensions of work and life. Ndubisi (2011) identified typologies for conflict management that affect B2B outsourcing relationship trust and commitment. The moderating influence of culture in the relationship is also considered. Data from Chinese and Indian companies providing HR outsourcing services were obtained. The influence on trust and engagement of compromise on conflict is moderated by culture– which for Chinese people is significantly higher (business culture is the blend of Confucian moral values and composes elements relating to long-term relationships, including strong personal connections and interpersonal harmony) in relation to Indian service suppliers (spiritualism and the idea of 'Karma'). Culture also has a direct impact on commitment but not on trust. Giardini and Kabst (2008) assumed that recruitment processes outsourcing (RPO) had a detrimental effect on job applicants' perceptions and assessments. The results showed that participants' satisfaction with the process, the organization's attractiveness and their intention to take an offer of jobs declined, with the RPO level increasing.

iv. *Organizational performance*

The study of Shepard et al. (1996) explored that provision of flexible working hours to the employees have increased the organizational productivity approximately by 10%. Their study was based upon a handsome sample size of 36 pharmaceutical companies operating in the USA and the organizational productivity data was gathered from last 11 years. The study of Jeffrey Pfeffer & John F. Veiga, (1999) concluded that "positioning employee as most primitive for organizational success", they discussed seven most important practices for successful organizations. These practices included employee employment security, selective hiring, decentralization, high compensations, extensive training, lessening the status differences, and effective communication or information sharing. According to Delery & Doty, (1996) cited by Jeffrey Pfeffer & John F. Veiga, (1999), most of the studies on performance management have integrated outsourcing as an important element. Past studies found that employee productivity and performance are correlated outsourcing. If they feel secure in their job they will work more efficiently for organizational success. Organizations enhance their profitability and effectiveness through their human resources so they ensure right people for the right position. Organizations should be quite clear about the required skills, abilities, knowledge and experience while selecting employees. Decentralization increases the sense of responsibility among employees. Most of the studies found that team-based organizations are more successful because the entire employees feel liable and accountable for the business and company, not just the individuals who are working on top management positions. Hence, the delegation of authority increases the work sense of responsibility which effects positively on individual performance and organizational success. The basic principle of the performance management system is that the ideas, skills, and work of all the employees should be acknowledged by the organization without discriminating the job level of employees. If employees feel that the organization is giving importance to their ideas and their work are recognized then the work more devotedly and this enables the organization to achieve their goals and objectives successfully. The study of Perry-Smith and Blum (2000) demonstrated that the organizations which offer work-life balance to their employees, experienced larger apparent market performance, increased employee productivity and reduced turnover, increased sales and profits, and organizational success. Moreover, the organizations which outsource their employees are more successful.

Given the widening possibilities, improved organizational performance depends not only on other organizational resources or tangible assets but also on human resource (Lee and Sukoco,

2007) especially outsourcing. Bogner and Bansal (2007) pointed out that human resource outsourcing is related to important organizational outcomes. Many researchers including Grinsven and Visser (2011); Kuo (2011) supported that outsourcing results in increased effectiveness and efficiency in business processes through collective utilization of employees' insights and experiences for better visioning of routine business practices.

The main dependent variable of concern to researchers in almost all areas of management is organizational performance, customers, inputs and capital markets competition make organizational performance vital for the modern company's survival and success, as a result, this concept has become the core focus of modern industrial activity, a commitment to the organization's success primarily assesses advertising, logistics and human resources (HR) and policy (Richard, Devinney, Yip, & Johnson, 2009). A surprisingly open issue with few studies using consistent definitions and measures is the definition of organizational performance (Kirby, 2005). In the managerial analysis, performance is so prevalent that its structure and definition is rarely explicitly justified; its adequacy, however, is undoubtedly assumed (March & Sutton, 1997). Organizational performance includes three specific areas of firm result: (a) financial performance (profits, asset return, investment returns,



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etc.); (b) the performance of the market (sales, market share, etc.) in products; and (c) the return on shareholders (extensive return on shareholders, economic value-added, etc.). Although organizational performance is dominant in strategic management literature, not to bring up economics, finance, and accounting, it is not unquestioned. Performance is one type of efficiency indicator with both benefits and drawbacks. We must therefore first differentiate between the performance of the company and the more general organizational effectiveness model (Richard, Devinney, Yip, & Johnson, 2009). Organizational effectiveness is a wider framework that encompasses organizational performance but is built on the concept of organization which aims to achieve alternative performance goals (Richard, Devinney, Yip, & Johnson, 2009). Accounting measures are the most common and easily available means of assessing organizational performance are accounting measures, the importance of their use is shown by extensive evidence of the link between accounting and economic benefit. It must be remembered that rules on accounting systems (e.g. GAAP standards) do not always adhere to the underlying organizational performance technical principles (Richard, Devinney, Yip, & Johnson, 2009). The nature of the rules (equations) which define the measure of interest should be understood to apply accounting measures rigorously. However, researchers seldom have the tendency, time or data to do this. The emphasis given to historical activity on future performance is an important limit to the accounting performance measures (Keats, 1988).

The accounting measures reflect what has occurred because of its dependence on auditable sources and are limited in anticipating and disclosing future performance expectations. That has both a negative side, as for Enron, and a positive side, as in many early Internet companies. Measures of the financial market. Financial market measures, mainly shareholder returns, are the preferred tool to characterize organizational performance within the strategy, economics, and finance literature, the main strength of these methods, in theory, is the decreased present value of future cash flows (Fisher & McGowan, 1983).

v. *Outsourcing HR functions and organizational performance*

Sink and Langley (1997) notes that several companies are working to analyze their goals and focus their resources on a relatively small number of preferred tasks and procedures within the context of modern market trends. As a result, organizations have been increasingly willing to outsource designated activities including logistics. They incorporate the dimensions of organizational success in three categories: cost effectiveness, productivity and profitability. The purpose of these measurements is to provide at the time of outsourcing an aggregate feature of organizational performance.

a. *Cost efficiency:* Organizations must cope with outsourcing if some tasks are thought to be handled by an external service provider more efficiently, conveniently or better (Barthelmy and Adsit, 2003). Functions that are not core institutional competences are vying for contracting. Nonetheless, any expertise or skills that enable a business to better serve its customer base, which directly coincides with the products or services that it agitates to get out of the door, must remain in-house. The original reason for increasing outsourcing tends to be cost efficiency. Organizations analyze outsourcing as to whether it is possible to reduce the recent operating costs and to re-invest saved capital for (Maudos et al, 2002). Some researchers say that outsourcing is the main cost-cutting source of exposure to economies of scale for organizations and the unique experience that a broad outsourcer can provide that all in effect would improve the organizational efficiency (Isaksson and Lantz, 2015).

A study done by Jiang, Frazier & Prater (2006) finds that agreements for outsourcing shift the assets of organizations to a supplier of services that can convert fixed costs and operating costs into varying costs. Outsourcing on the application side can minimize fixed costs, human resources and other overhead costs by coordinating the production of skills and knowledge on a necessary basis.

b. *Productivity:* This dimension describes the level of outputs and inputs as shown by Windrum et al (2009). Production is determined by the overall company profit or revenue, input by number of staff, total assets or stock required to manufacture the output. Productivity is a performance measure that takes account of the cost of achieving a certain level of output (Fixler & Siegel, 1999). The capacity of an individual, organization or enterprise to produce the outcomes requested with a minimum energy, time, resources, personnel and material consumption is what organization productivity about (Shields & Brown, 2015). The influence of outsourcing on productivity as shown by Okeke-Ezeanyanwu (2017) is the increase of efficiency, returns, and the potential or value for enterprise output. Outsourcing could be seen as an improved efficiency mechanism, nevertheless, several organizations don't ever stand to gain completely from an outsourcing relationship, if it is seen as a short or tactful response rather than part of the longer-term strategic plans, and the outsourcing-productivity partnership is not effective (Kayumba, 2019). To achieve the required outcome it will be necessary to

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coordinate and record the operation of reviewing and/or applying an outsourcing solution. The organization must go through various phases such as planning, testing, design, implementation and operations in order to accomplish a productive ex-sourcing application. The outsourcing decision, Yu and Lindsay (2011), can result in increased productivity for companies. Outsourcing will help the organization shift its focus from marginal tasks to client needs-complying work and improve the utilization of its resources to enable managers identify their goals more explicitly and precisely (Kayumba, 2019).

c. *Profitability:* This dimension is correlated with a corporation or industry's expertise in earnings generation (Adu-Gyamfi, 2015, P.9). This shows the amount of revenue per input unit (work, equipment and capital) or a capacity of a business to produce net income or to calculate its capacity to gain profit. The outsourcing effects on profitability, like the use of new techniques and profitability margins, are based on Görg and Hanley (2004). One key question is whether outsourcing increases value, or especially if it results in higher profitability for the company that is starting outsourcing. This question essentially descends to the question of transactions costs typically raised: should a company produce its very own input via some model of acceptance, or should it start exploring to obtain inputs on the international market at possible more competitive prices? There's only a very limited amount of reliable quantitative or econometric studies that interpret or check in this area to the best of researchers' knowledge.

Nevertheless, Chaffey (2008) indicated that the quality enhancement relation between external services and productivity was not explicitly delineated or explaining. The evidence was presented in various papers. Marjit and Mukherjee, in particular (2008, p.12), found no indication that the outsourcing of Japanese service companies would contribute to higher profits.

## IV. Conclusion

Studies have shown that the relationship between outsourcing human resourcing functions and organizational performance is positively correlated, by outsourcing companies can gain many benefits if studied the decision well, benefits can be concluded in sex categories; cost reduction, more concentration of strategic or core issues, reduced risks, more flexibility, efficiency increase, guarantee the access to the latest technologies. The decision to outsource is not random and usually managers decide to outsource because of one of the six reasons as follows; financial savings, strategic focus, access to advanced technology, improved level of service, access to expertise, and organizational policy. Literature has shown that outsourcing HR functions has a key role in the improvement of organizational performance which can be characterized in three major dimensions; productivity, profitability, and cost efficiency.

## V. Limitations and Future Recommendations

This study has only focused on the past literature and in future the model developed by study can be investigated empirically. Moreover, the future researchers can investigate the outsourcing with organizational commitment.

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# Leadership and Organization Performance: A Review on Theoretical and Empirical Perspectives

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*Abstract-* Leadership is a skill that motivates groups of people to act to accomplish a common objective. It is a process of encouraging and helping others to work enthusiastically towards objectives. Leadership is essential because it establishes a clear vision and communicates effectively with its subordinates and colleagues. With a clear vision, the organization's direction makes the employees to realize their roles and responsibilities. For the further research areas, I suggest directions for future research areas such as the leadership transformations in the organizations, a combination with the technological changes, and another area is can be able to find out what are the new leadership skills which need to compete successfully in the digital business environment. The purpose of this paper is to describe leadership, leadership qualities, leadership skills, leadership models, the importance of leadership, and its impact on making a change to the organization's performance.

*Keywords: leadership, organization performance, leadership-skills, leadership theories.*

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# Leadership and Organization Performance: A Review on Theoretical and Empirical Perspectives

Gimhani Nandasinghe

*Abstract-* Leadership is a skill that motivates groups of people to act to accomplish a common objective. It is a process of encouraging and helping others to work enthusiastically towards objectives. Leadership is essential because it establishes a clear vision and communicates effectively with its subordinates and colleagues. With a clear vision, the organization's direction makes the employees to realize their roles and responsibilities. For the further research areas, I suggest directions for future research areas such as the leadership transformations in the organizations, a combination with the technological changes, and another area is can be able to find out what are the new leadership skills which need to compete successfully in the digital business environment. The purpose of this paper is to describe leadership, leadership qualities, leadership skills, leadership models, the importance of leadership, and its impact on making a change to the organization's performance. In this paper, the empirical approach in which the arguments and explanations justify by empirical evidence and associated theoretical frameworks. The essence of leadership as an individual's ability to influence others has an impact on changing the behavior of others, behavior changes to achieve a common goal, has a set of qualities or characteristics with which he or she can influence others. The success of an organization depends on the quality of its leadership. Leadership recognizes as the key to successful leadership. Leadership impacts the behavior and results of organizational performance.

*Keywords: leadership, organization performance, leadership-skills, leadership theories.*

## I. Introduction

Leadership defines by the characteristics of the leader, his qualities and behavior. Leadership describes as a process, but most theories and research on leadership look at people for understanding (Horner, 1997). Leadership is the capability to influence people by giving an inspiring example. An example is one that motivates people to follow objectives that gives an advantage to the organization. In general, leadership involves creating a vision of the future of the organization, designing a strategy to achieve that vision and communicating that vision to all members of the organization (James, Richard & Anthony, 2011). Leadership and performance beyond expectations represent a breakthrough in our understanding of who these leaders are, how they get results, and why their leadership often exceeds all predictable (Bass, 1985). Leadership is the leading element of any organization; however their function and capacity are becoming more complicated with greater (Chuang, 2013). In my view, the leadership is the art of motivating a group of people to act towards achieving a common goal. The ability is to create a vision and communicate that vision to others to share and realize that vision. Leadership is dynamic, and leadership is not a function of level or position. Leaders are the people who lead or command a group or an organization. The majority of the successful leaders have strengths in the following emotional intelligence competencies such as self-awareness, self-regulation, motivation, empathy, and social skill (Goleman, 1998). There are six basic leadership styles and each uses the central component of emotional intelligence in various combinations. The best leaders know more than just a leadership approach. Having multiple skills and the flexibility changes the styles depending on the situation (Goleman, 2000). Another key feature is the ability to take an independent (even unpopular) line and defend it. As could be predicted, interpersonal skills, team orientation, commitment, and motivation were also considered important (Tait, 1996). When communicating the vision, the leader must ensure that it is understandable so that everyone within the organization understands it James, Richard & Anthony et al. (2011). Leaders use their skills and abilities to collaborate and communicate in order to gain the trust of people, and through his actions he or she gains influence. The power to influence others gives the leader his power. It is the leader who creates the vision and assists others to make the vision a reality (Hoyle, 2007). If the leader does not set the course and tests through hits or falls, the organization can collapse. Thus, hard work and talent will only take you and your organization so far. Lack of leadership stifles any further progress.

The success of the organization is inseparable from management practice, just like organized social activity is inseparable from the values, attitudes, skills, and behavior of the leader (Raisiene, 2014). The successful leader will be one that promotes leadership development and encourages workers to assume their leadership role. People who work in the organizations

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must be innovative and creative, practice continuous learning, and have values that, mainly include integrity, have a personal vision, be in charge of their careers, motivate themselves from the within, plan, communicate and seek harmony relations with stakeholders. Different categories of leadership skills requirements arise at separate organizational levels, and jobs at the highest levels of the organization require higher levels of all leadership skills. Also, although specific cognitive skill requirements are necessary at all levels of the organization, exact strategic skill requirements only fully emerge at the highest levels of the organization (Mumfordm, Michael & Frederick, 2007).

*a) Purpose of the study*

The core objective of this paper is to empirically review the backgrounds of the leadership changes the performance of the organization. Employees are the foundation of any organization, so effective leaders must have the competencies to lead them to high performance (Lynda, Mary & Mertis, 2000). A successful organization is the result of effective leadership. An organization always reflects the values and beliefs of its founder. These are the things that make up an organization. Over time, as the organization evolves, it figures the leader, and influences his actions (Maria, 2012). Leadership belongs to a specific position, and it covers obligatory tasks and functions that businesses have to fulfill to live, develop, and be efficient (Firestone, 1996). After that, this study tries to identify leadership, leadership qualities, leadership skills, leadership models, the importance of leadership, and its impact on making a change to the organization's performance.

*b) Methodology*

This document studies the empirical approach in which the arguments and explanations justify by empirical evidence and associated theoretical frameworks. For this purpose, the author reviews journal articles, case studies, websites, eBooks, and the books written by professionals in the field to collect existing details on concepts on leadership changes the performance of the organization. Therefore, the literature review uses as the major research tool for the paper. The document organizes as a conceptual document where the arguments were empirically supported. From this concept paper, the author is trying to conceptually find the gap between the leadership and its impact on the organization's performance. Also, this suggests directions for future research areas such as the leadership transformations in the organizations are a combination with the technological changes, and another area is can be able to find out what are the new leadership skills which need to compete successfully in the digital business environment.

## II. Literature Review

*a) Leadership*

Leadership is the most important element of every organization, but its functions and capabilities are becoming increasingly complex Chuang et al. (2013). It describes by the characteristics of the leader, qualities and behavior. The word of leadership explains as a process, but most theories and research on leadership look at people for understanding Horner et al. (1997). Leadership is the ability to influence others with exciting examples. An example, it encourages people to pursue goals that benefit the organization. In general, leadership involves creating a vision of the future of the organization, designing a strategy to achieve that vision, and communicating that vision to all members of the organization James, Richard & Anthony et al. (2011). Leadership and performance beyond expectations represent a breakthrough in our understanding of who these leaders are, how they get results, and why their leadership often exceeds all expected limits Bass et al. (1985). The achievement of an organization depends on the standard of the leadership. Successful leaders anticipate, change, exploit opportunities, and motivate their followers to the high level of performance and productivity. Hence, in the modern world management strategic leadership bears paramount importance towards the success of an organization.

There is a significant organizational change and, in response, a change in leadership style that indicates this dilemma. It is necessary to choose a leadership style that is an indication of the type of change to be implemented. Employees can increase the success of organizational change (James, 2005). The adoption of an appropriate leadership role, and the time change from one task to another as circumstances change, facilitate the ability of executives to mobilize the organization's resources and, in doing so, effectively address challenges facing the organization (Sheard & Kakabadse, 2007). Some tools and methods that find in practice to help senior managers adapt their behavior to the most suitable at a given time and create the organizational infrastructure necessary for successful teams to become the managerial norm, and not an exception, are presented. The networked nature of leadership and cultural change associated with creating effective teams, as we do here (Sheard & Kakabadse, 2004). Leadership considers one of the most important components of the success of organizations. When organizations experience changes, it is imperative that their organizational leadership be adequate to meet the challenge (Eric, Deborah & Maurice, 2014).

*b) Discussion on Leadership Theories*

There are some theories under leadership to make a change of the employees as well as the organization, for example Trait Theories, Behavioral



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Theories, Contingency Theories, Transactional Theory, Transformational Theory, and Charisma/Charismatic Theory Horner et al. (1997). A new theory for organizational leadership is in which Leadership, Authority, Administration, Power, and Environments (LAMPE) of an organization become coherent and integrated (Mackenzie, 2006). Organizations work best if their LAMPE is consistent, integrated, and operational. The introduction of basic concepts is such as structures, processes, process frameworks, task role matrices, interdependence uncertainty, and virtual organizational arrangements. The LAMPE theory builds on this basis. It defines as the processes of initiating, enabling, implementing, and maintaining change in an organization. Authority classifies as the legal right to avoid the outcome of a decision or process. Management characterizes in terms of its main methods. Power is the control of the uncertainty of interdependence Mackenzie et al. (2006).

Transformative leaders are creating somewhat new from the previous circumstance. While a transaction manager can make adjustments to the organizational tripod of mission, structure, and human resources, a transformative leader goes further and produces fundamental changes in the fundamental political and cultural systems of the organization. It is the latter that differentiates transformational leaders from transactional managers (Noel & David, 2008). Transformational leaders are people who stimulate and inspire followers of both to achieve extraordinary results and, in the process, develop their leadership (Bernard & Ronald, 2006). Transformational leaders help followers grow and become leaders responding to the needs of individual followers through training them and aligning the objectives and goals of the independent followers, the leader, the group, and the largest organization Bernard & Ronald et al. (2006). Being a leader in change is more than just payment, goods, or promotions for completed services. Typically charismatic, powerful role model, and value-driven goals are the characteristics of the transformational leader. They focus on follower's needs and followers inspired to put the needs of the organization above their own needs (Bailey & Axelrod, 2001).

A number of excellent and prominent leaders in history represents as charismatic leaders. In the business world, famous entrepreneurs, and business transformation agents often express themselves as charismatic leaders. Popular stories frequently attribute the quality of myth to charisma, although research sheds light on the attributes that lead to the perception that leaders are charismatic. (Conger, 2015). In order to understand charismatic leadership, it is very important to recognize that it is an attribution based on the perceptions and interpretations of believers in leader behavior. There is a set of leadership behaviors that distinguish charismatic leadership from non-charismatic leadership, and these are presented in a scenario model to lead others Conger et al. (2015). A charismatic leader, often the CEO or the principal of the school, takes over a school in difficulty, setting new goals and expectations and challenging business as usual within the organization. This leader creates new organizational routines and structures that eventually transform the culture of the school, contributing in turn to greater teacher satisfaction, higher teacher expectations for students and better student performance (Spillane, 2008). Also, the behaviors associated with charismatic leadership are constellation. The expression or presence of a single action connected with charismatic leadership is rarely sufficient to cause charismatic attribution. Instead, there must be a critical mass of action, Conger et al. (2015).

A trait-based approach sought to identify physiological, demographic, personality, confidence, aggression, intellectual, task-related, and social traits along with leader appearance and effectiveness. Successful leaders have interests, abilities, and personality traits other than less effective leaders. Among the core traits identified are achievement drive, Leadership motivation, Honesty and integrity, Self-confidence, Cognitive ability, and Knowledge of business (Horace & Ronald, 2001). Researchers commenced to focus their research efforts on the behaviors of leaders in 1960s. By 1968, the investigation led to the creation of the Blake and Mouton Management Grid. The grid groups the work styles to create four main work styles: "Concern for tasks, Concerns for people, Leadership and Participatory leadership" (Scott & Jennifer, 2011). These categories describe how leaders work and interact with followers to take them to complete the tasks in question. Leadership behavior theory classifies because, it focuses on the study of a leader's specific behavior.

Leadership development programs must take into account the need to transform leadership skills to achieve victory for both organizations and society (Gregory, Attoh, Tao, 2017). Moreover, the significant and positive significant impact of the working group climate on the working group's productivity, while both transformational and transactional leadership did not affect the working group's productivity through the working group's atmosphere (McMurray, Mazharul, Sarros & Andrew, 2012). The leadership style (transformational, transactional, or ambiguous), adopted by the group leader, and has an operational impact on the development of training as a strategic resource both within the team and in the organization (Tania, Linda & Prem, 2010). And yet, from a variety of natural scientists, most of the conclusions discover that some among the certain decisions of the listing agent in creativity transformational the guidance of the customer. The mayor of this article, the indirect effect of the focus on transformational leadership. Mediators and moderators



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are from various levels, including individual, team, and organizational levels. The directors middle of a multi-level, including individual, team and organizational level. Additionally, some context variables are also included (HongHu, Qinxuan & Jixiang, 2013).

*c) Leadership and Organizational Performance*

Leadership transforms potentials into reality. It is not merely using people and their potential for realizing an organization's goals. This is the maximum aspiration of ethical character, and high level of leaders Horner et al. (1997). Leadership and performance beyond expectations represent a breakthrough in our understanding of which these leaders are, how they get results, and why their leadership often exceeds all limits Bass et al. (1985). Despite the ubiquity of leadership influences in the performance of the organizational team and a large amount of literature on leadership and team/group dynamics, we know surprisingly little about how leaders create and manage effective teams. A key point in considering such relationships is the reciprocal influence, whereby both leadership and team processes influence each other (Stephen, Andrea & Michelle, 2002). Teams become more experienced and reach a significant level of experience; other members assume more leadership roles, while designated leaders retain their responsibilities that span the boundaries. Also, teams influence the leader's effectiveness, Stephen, Andrea & Michelle et al. (2002). Further, the leadership facilitates in many ways as managerial function for instance, by creating a shared vision for the organization, by coordinating the people/activities among units, communicating among organization broad, monitoring/controlling activities deviations, and motivating employees for higher performance. The corporate should have stakeholder agency or relationships to result in performance (Kahandawaarachchi, Dissanayake & Maitra, 2016).

In general, effective leadership assumes to be the key to successful change. There is a shortage in research results on the impact of leadership on organizational change. The effect of leadership is on behavior and the results of organizational change. Change leadership is more difficult than predictable, and involves multiple forms of involved in different approaches, actions, and activities, only some of which are effective (Jeffrey & Laurie, 2012). Organizations that need strategic change often look for charismatic leaders to lead change efforts. Creating innovation through culture is always blessed by leaderships that results in higher performances (Dissanayake, Wastantha & Jinadasa, 2017). With the growing popularity of democratization in the workplace, team-based strategic change approaches are emerging. Strategic teams may be a better option than charismatic leaders to change an organization (Landrum, Howell & Lori, 2000). There are seven different approaches to structuring and managing the change that organizations can take to improve the likelihood of driving a successful transform in their organizations (Schell, 2019). Also, the significant influence of organizational values is consistent with the results of employees (Huang, Shiuan & Chou, 2005).

## III. Conclusion and Further Research Areas

Leadership is a main factor in today's organizations. This type of pioneering activity is the backbone of total quality management and team operations. It can also replace the experience of middle management lost by staff reduction. It presents a generalized process to define, discover, and develop leadership in current organizations. The detection of guiding in the workforce does through performance evaluations. Leadership development must be comprehensively and systematically integrated into the organizational culture to produce leaders who can adequately face challenges and direct to the organization's performance. Service sector companies need strategic leaderships for service delivery models and cultures for higher acts (Dissanayake, Norsanina & Hamid, 2017). Today's organizational managers need leadership skills to develop massive performance teams and to cover the broader sections of control that remain after the reduction in staff. Support activities link with leadership. The development of leadership is encouraged through rewards, recognition, and reoriented training. Many managers mistakenly believe that leadership style is a strategic choice, not a personality. Instead of choosing one style that suits, they should ask which method is best suited to a particular situation.

In organizations in which middle managers perceive their leaders as collectivists, group decision making, and rapid two-way communication were common in practice, and this contributed to quality, better service, innovation, proposals for new ideas, and employee satisfaction. Unusually, low collective leadership, communication, or decision making did not influence economic performance (Sriya & Yasuo, 2010). Leadership development should encourage workers to take on their leadership roles. The success of an organization depends on the quality of its leadership. Successful leaders expect, change, seize opportunities, and motivate their followers to be more productive and performance. The general pattern of the results in the present study provides support for the effects of leadership and organizational performance styles. The results of regressions indicate that leadership styles influence the performance of the company. The relationship-oriented leadership style has a significantly better effect on firm performance that task-oriented leadership style and style of participatory leadership (Puspanathan, Mangaleswaran & Lin, 2008). Therefore,



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in today's world, strategic leadership management is vital to the success of an organization's performance. In general, effective leadership has been assumed to be the key to successful change. The impact of leadership is on behavior and the results of organizational performance change. It suggests that the directions for future research areas such as the leadership transformations in the organizations are a combination with the technological changes, and another area is can be able to find out what are the new leadership skills which need to compete successfully in the digital business environment.

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# Determinants of Consumer's Intention to use Mobile Banking Services in Bangladesh

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*Abstract-* Mobile banking is known as one of the latest as well as promising application of mobile commerce with great mobility and flexibility for the completion of financial transactions with the help of mobile communication devices. In today's perspective, electronic banking, internet banking and mobile banking are considered as the buzzword as 4.5 billion mobile cellular subscriptions worldwide is estimated and mobile network has the capability to instantaneously offer mobile banking to 61% of total population. For both developed and developing countries the increase of adoption rate in Mobile banking shows the strong potential rate of growth. In today's perspective adoption decision of consumers may be influenced by several factors. A quantitative approach has been taken to measure the determinants and anticipate their correlation through convenient sampling by the statistical analysis of ANOVA and Regression Analysis. The authors have also gone through seven hypothesis test. For this paper six major determinates have been explored in order to understand the consumer's adoption process.

*Keywords: mobile banking, perceived usefulness, perceived ease to use, perceived complexity, perceived compatibility, social influence.*

*GJMBR-A Classification: JEL Code: G24*




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# Determinants of Consumer's Intention to use Mobile Banking Services in Bangladesh

Israt Jahan [σ], Tapas Bala [σ] & Kamrul Hasan Bhuiyan [ρ]

*Abstract-* Mobile banking is known as one of the latest as well as promising application of mobile commerce with great mobility and flexibility for the completion of financial transactions with the help of mobile communication devices. In today's perspective, electronic banking, internet banking and mobile banking are considered as the buzzword as 4.5 billion mobile cellular subscriptions worldwide is estimated and mobile network has the capability to instantaneously offer mobile banking to 61% of total population. For both developed and developing countries the increase of adoption rate in Mobile banking shows the strong potential rate of growth. In today's perspective adoption decision of consumers may be influenced by several factors. A quantitative approach has been taken to measure the determinants and anticipate their correlation through convenient sampling by the statistical analysis of ANOVA and Regression Analysis. The authors have also gone through seven hypothesis test. For this paper six major determinates have been explored in order to understand the consumer's adoption process. The aim of this paper is- to identify determinants which affect consumer's intention to use mobile banking services in Bangladesh.

*Keywords: mobile banking, perceived usefulness, perceived ease to use, perceived complexity, perceived compatibility, social influence.*

## I. Introduction

The telecommunication and banking sector of Bangladesh have observed a tremendous growth in the last decade. The latest United Nations estimates says as of October 20, 2016 Bangladesh has a population of 163,483,818 (Worldometers.info, 2016).The total number of mobile phone subscriber in Bangladesh by December'19 is 165.572 million (Btrc.gov.bd, 2019). According to the Basic 2019 Statistics by ADB, 86.04% people are mobile phone subscribers in Bangladesh (Asian Development Bank, 2019). Since the launch in 2011, the growth of Mobile Financial Services (MFS)has been very good. Especially in the past couple of years, growth numbers are sky-high. Compared to the data of November'14, the client number has increased by 33% in November'15, which means an increase of 79 lakh clients in number. According to the latest data of Bangladesh Bank, on November'19 the client of mobile banking was 3.47 crore. The growing trend of this sector can be further supported by the data comparing of last five years. A tremendous 554% growth can be noticed from 2013 to November'19. The client number was around 50 lakh in 2013 and by 2019 it became over 3crore. 1311.21 corer transactions are happened on a daily basis through mobile banking (Bangladesh Bank, 2019). Till now, Bangladesh bank has given permission to 28 banks to run this MFS service but so far, 16 are in the business (Alo, 2019).Amongst all of them, 'bKash' is leading the market and Dutch Bangla bank's 'Rocket' is holding the second position. 'bKash' has 24 million subscriber with USD 7.5 million monthly(Asia Global Payment Summit, 2020).

According to another report published by USAID, despite of the high transaction cost, the growth has reached to $1.42 billion which is BDT 11,104 crore. Bangladeshi Mobile Financial Services users' altogether is accounted for 8% of the total registered users among the world (Mahbub, 2016). Given that, this service was launched in the country only five years ago this growth is amazing and also demands a study on why the subscribers are adopting the new service, what are the psychological reasons? Based on this information, it can be said that, banks have a very good opportunity of engaging root level people with basic banking activity, approved by Bangladesh bank (Bangladesh Bank, 2019) through mobile, which was not previously possible.

According to Godoe and Johansen's (2012) study, personality dimensions and system specific dimensions should be well studies before formulating and implementing any technological services. By understanding psychological issues of consumers in terms of adoption of mobile banking; mobile banking operators can decide what kind of electronic services can be provided to what type of customers, when and how- in order to increase market share and image (Musa S, 2014). Some key drivers have an impact for the adoption of mobile banking like- reduction of transaction cost, convenience, availability, timeliness, accessibility, usefulness and so on (Musa S, 2014). All these divers help to provide strategic benefits to the mobile banking operator company by providing better customers relationship management opportunities, increasing customers base and increasing market share and image (Musa S, 2014). But unfortunately much has

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not been done to understand the psychological reasons behind the adoption of this service in Bangladesh. As it is a growing market, the banks have launched those services on the basis of intuition, not in the basis of market investigation.

This paper therefore, argues for conducting a comprehensive study that will focus on the understanding determinates behind the adoption/use of mobile banking/MFS services in Bangladesh, for two reasons. Firstly, if determinates/what makes people use this service is not studied, then this booming industry might be in danger with the introduction of next new technology of transaction. Secondly, if the companies understand why their customers are adopting the service in-depth, then they will be able to reach more customers, grow their business and will be able to make more loyal customers.

## II. Literature Review

### a) *Mobile Banking*

In a broader sense, Mobile banking is a process of conducting financial transactions and banking activities through mobile phone or personal digital assistant. Mobile banking and making payments through mobile are two different concepts. Later only allows user to use mobile to pay electronically for the purchased goods and services either remotely or at point of sales (Rtn.bcc.net.bd, 2016). The exercise of different mobile devices to undertake financial businesses linked to client's bank account (Tran and Corner, 2016). With the help of three technological options Mobile banking is running like- SME – Based, mobile browser webs and mobile client applications.

### b) *Mobile Banking and Technology Acceptance Model (TAM) theory*

Mobile banking has been developed 44 countries for unbanked but there is still shortage is research is noticed in terms of the adoption of mobile banking (Tobbin, 2012). To study the acceptance of a new technology like mobile banking, one of the best models available is the 'Technology Acceptance Model' (TAM). The theory was adopted form the Theory of Reasoned Action (TRA) (Fishbein and Ajzen, 1975) and was first proposed by Davis in 1986.This has been proven a great tool to explain and predict the behavior of the user regarding new technology (Legris, Ingham and Collerette, 2003). Park (2009), mentioned in his study that, TAM can explain why an user accepts or rejects a new technology, how the external variables influences some of the core attribute of human being such as belief, attitude and intention. Three key beliefs perceived ease of use (PEOU), perceived usefulness (PU) and attitude towards use (ATU) together can explain the user's intention to actually use a new system (Davis et al., 1989). Davis (1993) defined PU as 'the degree to which a person believes the system would enhance his performance and PEOU as 'the degree to which using a particular system would ease his effort'. ATU is defined as 'the degree to which individual evaluates and associates the target system with his or her job' .Though TAM has been used extensively to explain new technology adaption for many sectors but it is also argued that, the theory cannot fully explain the behavior as there are several other factors which influences the adaption which creates a need to extend the theory (Legris et al., 2003). For this reason, several new theories i.e. TAM 2 (Venkatesh and Davis, 2000), TAM 3 (Venkatesh and Bala, 2008), unified theory of acceptance and use of technology (Venkatesh et al., 2003) have been proposed. But still, a comparative study confirms the usefulness of TAM theory over other models (Mathieson, 1991).

TAM theory and several versions of it (i.e. TAM2, TAM 3) with other models have been used in different research perspectives in different context such as, e-shopping, e-banking, e-tourism, on-line tax filling etc. For example, in e-shopping in Pakistan; it was found that PEOU and perceived enjoyment are the most important factor. PU did not have that much impact in this case and is strongly dependent on PEOU. Similar study was done in Malaysia and there as well, PEOU was found to be the most important factor in case of adoption intention (Lim and Ting, 2012).Lu, Huang and Lo (2016) have applied TAM theory with variable integration from Theory of Planned Behavior (TPB) to understand the on-line tax filling appearance intention in Taiwan. Results show that PU and PEOU have a great impact. Along with these, 'tax equity', 'social norm' and 'moral norm' also have an important impact on adoption. In case of the adoption intention of e-learning study done in South Korea which integrates the constructs of TAM and e-learning self-efficacy, subjective norm, system accessibility, Park (2009) found that, e-learning self- efficacy was the most important construct. This discussion indicates two facts. The first one is, application of TAM theory in different geographic locations and for different industries showed different results which means if a specific industry's (in a specific country) adoption behavior is to be studied, then the theory has to be applied in that specific environment. The second fact is that, in most of the cases, scholars incorporated different theories with TAM to explain the adoption intention, which indicates that in some cases, TAM along may not be enough to explain adoption intention.

### c) *Mobile Banking Studies in Bangladesh*

The research related to mobile banking services in Bangladesh has also received substantial academic attention. Literature explore different perspectives of mobile banking such as perception, customer satisfaction, loyalty, trust and so on For example, to understand the customer's perception service quality



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and its relationship with satisfaction and loyalty, a study was conducted by (Sagib and Zapan, 2014) with the use of SERVQUAL model and it was found that, three variables from the model – reliability and responsiveness, efficiency and convenience influences the satisfaction and only two of them reliability and efficiency influences the loyalty. A study by (Ahmed et al., 2011) says that the people who have adopted mobile banking in Bangladesh have done it because they think this is time saving, less costly and speedy. Their study also revealed that, highest number of people uses the service for 'Air-time top-ups'. Another study done by (Islam, 2013) shows similar results. The study reveals that, in Bangladesh, users have adopted mobile banking because it is less costly, time saving, easy to access and trust worthy. However, those studies confirm to understand the post purchase behavior of mobile banking services. Very little research has been conducted so far to understand the pre purchase behavior such as customer intention, attitude, social influence, and its impact on the decision to use or not to use mobile banking services.

Furthermore, most of the studies are not theory driven and no study has been conducted that applied TAM model. Only one study by Islam (2013) highlighted the trust issue but that was only for the current users. The adoption intention and its relationship with trust for the potential users have not been studied in Bangladesh. This validates this proposed study. Moreover, as the previous discussion indicates that culture and geographical variable plays an important role in determining the relationship, so to understand the adoption intention well, country specific study is necessary.

*d) TAM and Trust issue*

Trust can be defined as a psychological expectation that a trusted party will not act opportunistically. Customer trust is known as a critical factor for the success of adoption of mobile banking. Many research papers have been found with the formation of mechanism of trust with the adoption of mobile banking. According to the study of (Siau and Shen, 2003), trust is classified into two categories- trust of technology and trust of mobile banking service providers and this is supported by Lee and Chung(2009), and in this study Lee and Chung(2009), focuses on three trust dimensions- trust in bank, trust in mobile network and trust in wireless infrastructure. In the context of mobile banking trusting intentions symbolizes consumers' willingness in terms of engagement in subsequent transactions with the service provider (Bhattacherjee, 2006). Higher level of trust in terms of service provider will lead to greater intentions of consumer's engagement in mobile banking transaction (Bhattacherjee, 2006).

TAM, along with its original model included different external variable to understand the intention and acceptance of particular behavior of interest. Perception, trust, social norm, economic factors are name of few. In case of many studies impact of different variable along with TAM is noticed. For example- In Ghana 85% people are not aware of mobile banking services. Most of the people in Ghana replied that they mainly want to use mobile banking services for time saving and convenience (Tobbin, 2012). There is some other motives like- availability, affordability, high interest of savings, trust, and security of resources. Along with easy to use and usefulness two other variables like- economic factors and perceived trust have an impact on mobile banking. Among variables, the use of trust factor with TAM for understanding technology adoption can be noted widely. For instance, to understand the first purchase intention of online shopping in Korea trust and TAM was integrated (Kim, 2012) and the result shows that trust in the form of company reputation, structural assurance, trusting stance and initial trust beliefs indirectly affects the intention and from the variables of TAM, only PU directly influenced the intention. The relationship of trust and TAM was explained in case of on-line shopping by (Gefen, Karahanna and Straub, 2003). According to their proposed model, in USA PEOU is an antecedent of trust, trust is an antecedent of PU and trust also directly influences the behavioral intention (BI). The result of this study is in line with the on-line tax adoption study in Taiwan, where researchers have also found necessity of trust factor. They proposed a model which incorporates the TAM, TPB and trust factor and they have given the opinion that in case of adopting a new technology like online tax, trust is equally important with PU and PEOU (Wu and Chen, 2005). This discussion indicates that, several scholars have considered trust as an important construct while studying adoption intention.

*e) Integrating Trust and TAM in Case of Mobile Banking*

Several study has also been conducted to understand the relationship between trust and the TAM theory in case of mobile baking (Pu ¨schel et al., 2010) have done a research in the developed cities of Brazil and proposed an integrated adoption intention framework specially for mobile banking where they proposed 13 independent variables (attitude, self-efficacy, compatibility, perceived behavioral control, results demonstrability, technology facilitation condition, resource facilitation condition, perceived ease of use, image, intention, subjective norm, testability, relative advantage and visibility) which explains the dependent variable (intention to adopt mobile banking) by 69% in case of non-users.

Tobbin(2012), finds in his study done on the rural dwellers of Ghana that PU and PEOU along with



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the economic factor and trust have a great impact on the rural people in adopting mobile banking service.

A study done on New Zeland's young adults by Tran and Corner (2016), indicates that most important factors in creating usage intention for mobile banking is PU followed by perceived credibility and perceived costs. Besides that, one of the most persuasive ways of building trust according to them is face-to-face communication.

A study done in UKby Lewis, Palmer and Moll (2010), indicates that in case of young consumers, compatibility, perceived usefulness and risk are significant indicators in case of the adoption of mobile banking. Not only compatibility had direct effect but also it was identified as very important antecedent for PEOU, PU and also credibility. They have also indicated that, trust and credibility are very crucial in case of reducing the perceived risk. One very important implication of this study is the exceptionally high variance (65%; typical rate 40%) in intention to adopt the system seeks the attention of the scholars to further reconfirming of the model.

In a cross cultural study done by Mortimer et al.(2015), it was found that in case of the adoption intention of Australian consumers, most important variables are, PU, PEOU and perceived risk (PR) and in case of Thailand, the variables are PU, PR and social influence.

While examining the role of PU, PEOU, PR and self-efficacy for mobile banking in Jordan, Alalwanet al.(2016), found that the adoption intention is significantly influenced by PU, PEOU and PR.

A study in Trukey reveals that, in case of the young users, along with perceived usefulness, perceived social risk & perceived performance risk are also important (Akturan and Tezcan, 2012).

While the adoption intention was studied with the variables perceived risk, brand awareness, and brand image of MBS providers in Taiwan, it was found that even in a single country, perceived risk and innovation benefits have different impact on the users with different behavioral pattern. Brand awareness and brand image of the service provider also had a mentionable impact (Chen, 2013).

Another study by Luarn and Lin's (2005), says risk have a superior impact than PU in case of adoption intention in Taiwan.

Laforet and Li(2005), have found out that, the mobile banking users in China are predominantly male and the main barrier in adopting the system is the lack of awareness, lack of understanding of the benefit provided by the system, concerns about hacking and fraud which.

In order to understand the adoption intention of the customers of India, a study was done by Deb and David (2014). They incorporated factors from TAM, diffusion of innovation model (DOI) - influence of society (SI), facilitating condition, PEOU & PU) along with the trust facts (perceived competence, perceived benevolence, perceived privacy & security and communication) important for the technology adoption. From the study they found that, two of the trust factors among four – benevolence and privacy & security have negative impact on the adoption, which means these factors can create hindrance to the adoption. Another variable having negative relationship with adoption was facilitating condition which was explained by the economic factors by the researchers.

Similar study done by Chauhan (2015), in India depicts slightly different result. In this case the study finds an impact of trust and PU has an impact but it didn't find any impact of PEOU in case of adoption.

One of the major criticisms of the TAM theory is it was tested for the work-related issues which did not involve any monetary issue where the user actually has to get involved in monetary transaction. The original model was tested in case of the adoption of the personal computer where personal transaction or monetary fact is not related. It is very obvious that, wherever monetary fact is involved, trust becomes a major issue (Chircu and Kauffman, 2000).

All these researches indicate that trust is a very crucial part of the adoption model for almost all the countries. Moreover, inconsistent results can be seen for different countries. This difference highlights the fact that, adoption intention variables are different in different cultures and unless a study on Bangladeshi people on adoption intention of mobile banking is not done, getting a clear understanding is not possible.

*f) Complexity in Mobile Banking*

Complexity is the degree of innovation which is relatively considered as difficult to understand and use. It's a direct effect on consumer's adoption of mobile banking service (khraim , Shoubaki, & Khraim, 20 november, 2011). Related researcher found that it negatively influences the adoption of internet users or consumers. It is the reverse of ease of use and it's a major factor in mobile banking adoption. Mobile technology suggests that intension of mobile banking is inhibited by the perceived complexity of the innovation. Users will be inhibited to use of mobile banking if it finds more mental effort, time consuming or frustrating. There are some barriers in a number of studies which are complexity in use, technical infrastructure and design of technology. Therefore, it is hypothesized that perceived complexity inhibits mobile banking adoption (Al-Jabri & Sohali, 2012).

Complexity registries collected frequency of responses relatively two variable which are one variable is "using complicated" and another is requires "knowledge and learning"(Cruz & laukkanen, nov 5, 2010). There is significant research on the mobile banking which recommend that mobile banking s the



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hindered by complexity of the innovation. This means that barriers of mobile banking are largely related to the technology infrastructure and design.

*g) Relationship between compatibility and mobile banking*

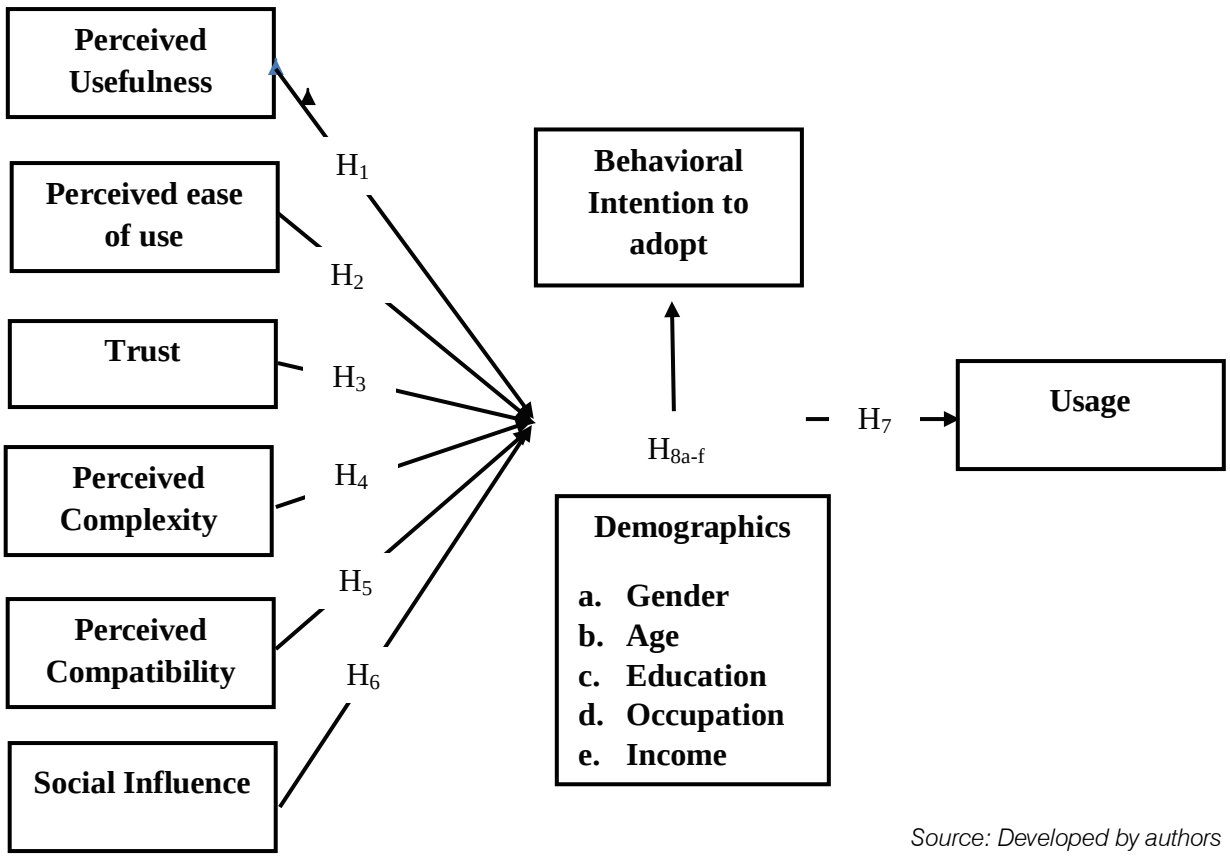
Compatibility can be extended with a new service that consist of users, existing values, beliefs, previous experience, habit that faster increase of innovation. Its conforming individuals' user's lifestyle for faster adoption (Lewis, Palmer, & Moll, 2010). Compatibility now integrated with TAM model in the virtual store's context. It will lead to higher perceived ease of use that's effort is required. The innovative are likely get trust underlying the technology through more competence.(Al-Jabri & Sohali, 2012) This presence beliefs of compatibility are very useful for explaining mobile banking adoption. it will lead to higher behavior intension use of mobile banking.

Compatibility is assumed to be consistent with socio-culture values, belief as well as need of potential adopters. Its sincere conformance can significantly increase mobile banking adoption rate. Between an innovation and existing product incompatibility services may inhibit an adopter's acceptance. Many researchers (Chen, 2013) demonstrated that it is significant which is determining consumer's attitude toward virtual store. It affects consumer willingness to adopt an innovation to mobile banking. Numerous recent studies have also provided supporting evidence to the adoption of mobile banking through compatibility. The degree which innovation is considered with existing value of users.

*h) Social influence on Behavioral Intention*

(Riquelme & Rios, january 2010)Social norms are that factors which are related to family, friends, and relative. It's a relevant concept to explain the adoption of technology or mobile banking. It cannot be ignored because of their adoption and behavior contribution. Social influences significantly affect an individual's intention to use the mobile banking. Some researcher discovers that individual's decision to adopt mobile banking services are influenced by social network like family, friends or others. As for the mobile banking, social environment is influenced by a customer intention to mobile banking adoption. (Alalwan , dwivedi, & Rana, 2017)Information and encouragement play a dynamic role in contributing customer awareness by surrounding people. Social influence is a person's perception that are performed by individual. In the context,(Gu, Lee, & Suh, 2009) mobile banking will be useful when customer get recommendation from colleague, friend or family member. It positively affects behavioral intention of customer in mobile banking.

*i) Conceptual Framework*




*Source: Developed by authors*

*Figure 1:* Determinates of consumers intention to use mobile banking services



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## III. Methodology

In this paper, the quantitative method has been used. Both primary and secondary data has been collected. For the collection of primary data, the researchers have chosen convenient sampling technique; 339 respondents have been chosen throughout the country who are using mobile banking services. Among 339 data, 300 has been used for this paper. On the other hand, for the collection of secondary data, different kinds of journals, papers, blogs, websites, articles, newspapers, and magazines have been used. The data is analyzed through SPSS and Microsoft software. The paper is conclusive in nature and both metric (nominal and ordinal level data) and non-metric (Interval and ratio data) are used for the analysis of this paper. The equation of statistical model which have been analyzed from the survey data is shown below:

*Regression Equation 1*

$$Y=\beta_0+\beta_1X_1+\beta_2X_2+\beta_3X_3+\beta_4X_4+\beta_5X_5+\beta_6X_6+\beta_7X_7+\beta_8X_8+\beta_9X_9+\beta_{10}X_{10}+\beta_{11}X_{11}+\beta_{12}X_{12}+\beta_{13}X_{13}+\beta_{14}X_{14}+\beta_{15}X_{15}+\beta_{16}X_{16}+\beta_{17}X_{17}+\beta_{18}X_{18}+\beta_{19}X_{19}+\beta_{20}X_{20}+\beta_{21}X_{21}+\beta_{22}X_{22}+\beta_{23}X_{23}+e$$

Here,

Y = Behavioral intension to adopt

$X_1$= faster banking transaction, $X_2$= easier transaction, $X_3$= beneficial, $X_4$=control over finance, $X_5$= more convenient, $X_6$= easy to use, $X_7$= easy learning, $X_8$= become skillful, $X_9$= clear and understandable, $X_{10}$= easily works, $X_{11}$= trustworthy, $X_{12}$= potential risk, $X_{13}$= confidentiality, $X_{14}$= safe uses on smartphone, $x_{15}$= require of mental effort, $X_{16}$= frustrating, $X_{17}$= requires knowledge and learning, $X_{18}$= comparable with life style, $X_{19}$= managing finance, $X_{20}$= keep fit with working style, $X_{21}$=think important, $X_{22}$= most people use, $X_{23}$= becoming familiar, β0= intercept of the line, e= error associated with the model.

*Regression Equation 2*

$$Y=\beta0+\beta_{24}X_{24}+e$$

Here,

Y= Usage

$X_{24}$= use of mobile banking is worthy, β0= intercept of the line, e= error associated with the model.

## IV. Data Analysis and Presentation

The author collected data from survey questionnaire and analyses this through SPSS software. Moreover, in this paper 300 data are collected from customer who are involved with mobile banking.

*a) Demographic Information*

*Gender:* All respondents are not only male or female. In this demographic profile there are 15.33% are female respondents and 84.67% are male respondents and total respondents are 300. So, here male respondents are more than female.

*Age:* In this demographic profile, 63.67% are respondent's age are belonging to below 24. 28.67% respondent's ages are belonging to 25-40 and 1% respondent's ages are belongs to above 40. Where total respondents are 300.

*Educational Background:* From 300 respondents, 60.67% respondent's educational background is graduation. 29.67% respondent's educational background is college level and others respondent's 5.00%.

*Occupation:* From 300 respondents, 15.67% respondents are businessman, 18.33% respondents are private service holder, 51.33% are others and 7.00% are govt. service holder.

*Income:* In this demographic profile, 55.33% are respondent's income is less than BDT 10,000. 16.67% respondent's income is less than BDT 20,000 and 23.67% respondent's income is less than BDT 50,000. Where total respondents are 300.

*Mobile banking services company:* From 300 respondents, 61.33% respondents use Brac Bank (bkash), 31.00% respondents use DBBL Mobile Bank (rocket) and 0.67% respondents use others like mercantile bank and UCash.

*b) Hypotheses Testing*

Hypotheses 1

Null Hypotheses: perceived usefulness has not positive effect on behavioral intention.
Alternative Hypotheses: perceived usefulness has positive effect on behavioral intention.



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Model Summery

| Model | R | R Square | Adjusted R Square | Strength of Association | Sid. Error |
|---|---|---|---|---|---|
| Usefulness and Behavioral intention to adopt to adopt | .295[a] | .087 | .071 | Very strong | .76288 |

From the table it has shown that Pearson Correlation (r) is .29 and the value of R square is .87 which expresses that there is a positive relation between perceived usefulness and behavioral intention. Adjusted R square value is .71 which implies that independent variables are perfect and dependent variable can be changed. For this model summery the regression equation is $Y=\beta_0+\beta_1X_{1+}\beta_2X_2+\beta_3X_3+\beta_4X_4+\beta_5X_5+e$

ANOVA Testing

| ANOVA Table | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | Df | Mean Square | F | Sig |
| 1 | Regression | 16.265 | 5 | 3.253 | 5.590 | .000[b] |
| | Residual | 171.105 | 294 | .582 | | |
| | Total | 187.370 | 299 | | | |

*Dependent Variable:* To use mobile banking is worthy.

*Predictors:* (Constant), Mobile banking is more convenient, Mobile banking is beneficial, using mobile banking enables me to do my banking transactions faster, Mobile banking gives me greater control over my finances than traditional forms of banking, using mobile banking makes it easier to perform my banking transactions.

From the ANOVA table, the researcher get F value is 5.590 which significant level is 0.05 and calculated critical F value is 2.245 therefore, F distribution is larger than calculated critical value (5.590>2.245) it means that the null hypothesis is rejected.

*Hypotheses 2*

Null Hypotheses: perceived ease of use has not positive effect on behavioral intention.

*Alternative Hypotheses:* perceived ease of use has positive effect on behavioral intention.

Model Summery

| Model | R | R Square | Adjusted R Square | Strength of Association | Sid. Error |
|---|---|---|---|---|---|
| Ease of use and Behavioral intention to adopt | .300[a] | .090 | .075 | Very strong | .76151 |

From the table it has shown that Pearson Correlation (r) is .30 and the value of R square is .90 which expresses that there is a positive relation between perceived ease of use and behavioral intention. Adjusted R square value is .75 which implies that independent variables are perfect and dependent variable can be changed. For this model summery the regression equation is

$Y=\beta_0+\beta_6X_{6+}\beta_7X_7+\beta_8X_8+\beta_9X_9+\beta_{10}X$



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ANOVA Testing

| ANOVA Table | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | Df | Mean Square | F | Sig |
| 1 | Regression | 16.878 | 5 | 3.376 | 5.821 | .000[b] |
| | Residual | 170.492 | 294 | .580 | | |
| | Total | 187.370 | 299 | | | |

*Dependent Variable:* To use mobile banking is worthy

*Predictors:* (Constant), I easily understand how mobile banking works, Mobile banking is easy to use, it is easy to become skillful in mobile banking, Mobile banking is clear and understandable, learning to use mobile banking is easy.

From the ANOVA table, the researcher get F value is 5.821 which significant level is 0.05 and calculated critical F value is 2.245 therefore, F distribution is larger than calculated critical value (5.821>2.245) it means that the null hypothesis is rejected.

*Hypotheses 3*

*Null Hypotheses:* Trust has not positive effect on behavioral intention.

*Alternative Hypotheses:* Trust has positive effect on behavioral intention.

Model Summery

| Model | R | R Square | Adjusted R Square | Strength of Association | Sid. Error |
|---|---|---|---|---|---|
| Trust and Behavioral intention to adopt | .270[a] | .073 | .060 | Very strong | .76740 |

From the table it has shown that Pearson Correlation (r) is .27 and the value of R square is .73 which expresses that there is a positive relation between trustworthiness and behavioral intention. Adjusted R square value is .60 which implies that independent variables are perfect and dependent variable can be changed. For this model summery the regression equation is $Y=\beta_0+\beta_{11}X_{11+}\beta_{12}X_{12}+\beta_{13}X_{13}+\beta_{14}X_{14}+e$

ANOVA Testing

| ANOVA Table | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | Df | Mean Square | F | Sig |
| 1 | Regression | 16.878 | 5 | 3.376 | 5.821 | .000[b] |
| | Residual | 170.492 | 294 | .580 | | |
| | Total | 187.370 | 299 | | | |

*Dependent Variable:* To use mobile banking is worthy

*Predictors:* (Constant), My banking on a smart phone is safer than using laptop or desktop, I think mobile banking has a potential risk, I think mobile banking is trustworthy, I think mobile banking puts personal details at risk for confidentiality



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From the ANOVA table, the researcher get F value is 5.792 which significant level is 0.05 and calculated critical F value is 2.402 therefore, F distribution is larger than calculated critical value (5.792>2.402) it means that the null hypotheses are rejected.

Null Hypotheses: Perceived complexity has not positive effect on behavioral intention.

Alternative Hypotheses: Perceived complexity has positive effect on behavioral intention.

*Hypotheses 4*

Model Summery

| Model | R | R Square | Adjusted R Square | Strength of Association | Sid. Error |
|---|---|---|---|---|---|
| Complexity and Behavioral intention to adopt | .260[a] | .068 | .058 | Very strong | .76819 |

From the table it has shown that Pearson Correlation (r) is .26 and the value of R square is .68 which expresses that there is a positive relation between perceived complexity and behavioral intention. Adjusted R square value is .58 which implies that independent variables are perfect and dependent variable can be changed. For this model summery the regression equation is $Y=\beta_0+\beta_{15}X_{15+}\beta_{16}X_{16}+\beta_{17}X_{17}+e$

ANOVA Testing

| ANOVA Table | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | Df | Mean Square | F | Sig |
| 1 | Regression | 12.697 | 3 | 4.232 | 7.172 | .000[b] |
| | Residual | 174.673 | 296 | .590 | | |
| | Total | 187.370 | 299 | | | |

*Dependent Variable:* To use mobile banking is worthy

*Predictors:* (Constant), Using mobile banking requires knowledge and learning, using mobile banking requires a lot of mental effort, using mobile banking can be frustrating

From the ANOVA table, the researcher get F value is 7.172 which significant level is 0.05 and calculated critical F value is 2.635 therefore, F distribution is larger than calculated critical value (7.172>2.635) it means that the null hypotheses are rejected.

*Hypotheses 5*

*Null Hypotheses:* Perceived compatibility has not positive effect on behavioral intention.

*Alternative Hypotheses:* Perceived compatibility has positive effect on behavioral intention.

Model Summery

| Model | R | R Square | Adjusted R Square | Strength of Association | Sid. Error |
|---|---|---|---|---|---|
| Compatibility and Behavioral intention to adopt | .244[a] | .060 | .050 | Strong | .77153 |



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From the table it has shown that Pearson Correlation (r) is .24 and the value of R square is .60 which expresses that there is a positive relation between perceived compatibility and behavioral intention. Adjusted R square value is .50 which implies that independent variables are perfect and dependent variable can be changed. For this model summery the regression equation is $Y=\beta_0+\beta_{18}X_{18+}\beta_{19}X_{19}+\beta_{20}X_{20}+e$

| ANOVA Table | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | Df | Mean Square | F | Sig |
| 1 | Regression | 11.173 | 3 | 3.724 | 6.257 | .000[b] |
| | Residual | 176.197 | 296 | .595 | | |
| | Total | 187.370 | 299 | | | |

*Dependent Variable:* To use mobile banking is worthy.

*Predictors:* (Constant), People who are familiar with me think that I should use mobile banking, People who are important to me think that I should use mobile banking, most people around me use mobile banking.

From the ANOVA table, the researcher get F value is 6.257 which significant level is 0.05 and calculated critical F value is 2.635 therefore, F distribution is larger than calculated critical value (6.257>2.635) it means that the null hypotheses are rejected.

*Hypotheses 6*

*Null Hypotheses:* Social influence has not positive effect on behavioral intention.

*Alternative Hypotheses:* Social influence has positive effect on behavioral intention.

Model Summery

| Model | R | R Square | Adjusted R Square | Strength of Association | Sid. Error |
|---|---|---|---|---|---|
| Social influence and Behavioral intention to adopt | .253[a] | .064 | .054 | Very strong | .76983 |

From the table it has shown that Pearson Correlation (r) is .25 and the value of R square is .64 which expresses that there is a positive relation between social influence and behavioral intention. Adjusted R square value is .54 which implies that independent variables are perfect and dependent variable can be changed. For this model summery the regression equation is $Y=\beta_0+\beta_{21}X_{21+}\beta_{22}X_{22}+\beta_{23}X_{23}+e$

| ANOVA Table | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | Df | Mean Square | F | Sig |
| 1 | Regression | 11.173 | 3 | 3.724 | 6.257 | .000[b] |
| | Residual | 176.197 | 296 | .595 | | |
| | Total | 187.370 | 299 | | | |

*Dependent Variable:* To use mobile banking is worthy.

*Predictors:* (Constant), People who are familiar with me think that I should use mobile banking, People who are important to me think that I should use mobile banking, most people around me use mobile banking.

From the ANOVA table, the researcher get F value is 6.729 which significant level is 0.05 and calculated critical F value is 2.635 therefore, F distribution is larger than calculated critical value (6.729>2.635) it means that the null hypotheses are rejected.

*Hypotheses 7*

*Null Hypotheses:* Behavioral intention has not positive effect on mobile banking usage.

*Alternative Hypotheses:* Behavioral intention has positive effect on mobile banking usage.



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Model Summery

| Model | R | R Square | Adjusted R Square | Strength of Association | Sid. Error |
|---|---|---|---|---|---|
| Behavioral intention to adopt and usage | .293[a] | .086 | .083 | Very strong | .70359 |

From the table it has shown that Pearson Correlation (r) is .29 and the value of R square is .86 which expresses that there is a positive relation between behavioral intention and usage. Adjusted R square value is .83 which implies that independent variables are perfect and dependent variable can be changed. For this model summery the regression equation is $Y=\beta_0+\beta_{24}X_{24}+e$

ANOVA Testing

| ANOVA Table | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | Df | Mean Square | F | Sig |
| 1 | Regression | 13.876 | 1 | 13.876 | 28.031 | .000[b] |
| | Residual | 147.520 | 298 | .495 | | |
| | Total | 161.397 | 299 | | | |

Dependent Variable: I will use mobile banking in the future

Predictors: (Constant), To use mobile banking is worthy

From the ANOVA table, the researcher get F value is 28.031 which significant level is 0.05 and calculated critical F value is 3.872 therefore, F distribution is larger than calculated critical value (28.031>3.872) it means that the null hypotheses are rejected.

Regression and Correlation analysis

| Model | R | R Square | Adjusted R Square | Strength of Association | Sid. Error |
|---|---|---|---|---|---|
| Usefulness and Behavioral intention to adopt | .295[a] | .087 | .071 | Very strong | .76288 |
| Ease of use and Behavioral intention to adopt | .300[a] | .090 | .075 | Very strong | .76151 |
| Trust and Behavioral intention to adopt | .270[a] | .073 | .060 | Very strong | .76740 |
| Complexity and Behavioral intention to adopt | .260[a] | .068 | .058 | Very strong | .76819 |
| Compatibility and Behavioral intention to adopt | 244[a] | .060 | .050 | Very strong | .77153 |
| Social influence and Behavioral intention to adopt | .253[a] | .064 | .054 | Very strong | .76983 |
| Behavioral intention to adopt and usage | .293[a] | .086 | .083 | Very strong | .70359 |



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| Hypotheses Testing | | | | | | |
|---|---|---|---|---|---|---|
| Hypotheses | B | T statistic | Critical value | sig | Result | remark |
| H1 | 5.383 | 7.773 | 1.976 | .000 | 7.773>1.976 | Rejected |
| H2 | 4.999 | 6.885 | 1.976 | .000 | 6.885>1.976 | Rejected |
| H3 | 4.317 | 6.642 | 1.976 | .000 | 6.642>1.976 | Rejected |
| H4 | 4.834 | 9.546 | 1.976 | .000 | 9.546>1.976 | Rejected |
| H5 | 4.680 | 9.220 | 1.976 | .000 | 9.220>1.976 | Rejected |
| H6 | 4.700 | 7.379 | 1.976 | .000 | 7.379>1.976 | Rejected |
| H7 | 4.610 | 15.831 | 1.976 | .000 | 15.831>1.976 | Rejected |
| ∞=0.05, df= | | | | | | |

## V. Limitations and Further Study

The major limitations for this paper includes – respondents, resources, knowledge and, budget. Firstly, as respondents were not always available and sometimes were not willing to give time, degree of difficulties were faced. Moreover, for finding suitable respondents for this paper, researchers also faced challenges. Secondly, resources are limited to conduct the paper. Thirdly, it is difficult to identify determinates regarding consumers intention to use mobile banking, limitation of appropriate knowledge in this arena would considered as another problem. Finally, budget is considered as another limitations. For the completion of paper, researchers had to reach 339 respondents, more respondents would be covered if more budget can be raised. The researchers will work with further factors of affecting consumer's intention towards using mobile banking. By conducting, factor analysis, it would be understood which factors are most significant in terms of using mobile banking.

## VI. Major Findings, Conclusion and Recommendations

In this paper it is find out that, people basically adopt mobile banking for its easiness as highest significant value is noticed here (.90). Another important factor is identified which is social influence. From the table it is seen that, social factors has one of the most significant values which is (.64). People install bKash app during festivals in order to get discounts or instant cash back offer. Via social media various companies, now offering discounts through bKash payment, so it is considered as one of the important factor in order to understand customer's pre-purchase conception. Though trust has .73 significant value, most of the respondents faced security related problems like- many unwanted and fraud call were received by asking bKash and rocket password in order to get bonus. People who are living in rural areas mostly lost money due to fraudulent. Due to various fraudulent cases, mobile banking companies started campaign by telling not to share password with anyone by in rural areas people are still facing this kind of issues. People find to use mobile banking is very useful, and less complex. With the help of mobile banking services people can also recharge mobile anytime at anyplace so it saves time and, cost.

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# Strategic Management of the Tourism Sector in Saudi Arabia

By Atyeh Mohammed Alzhrani
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*Abstract-* The Vision 2030 of Kingdom of Saudi Arabia is to diversify the economy from over reliance on oil and focus on public sectors like tourism. The implementation of tools and techniques of strategic management in the kingdom's tourism sector could help in accomplishment of this goal. Strategic management is the formulation of strategies in order to meet a firms long terms goals and objectives. The tourism sector is facing a dynamic and complex environment because of macro trends like terrorism, politics, global warming and etc. Therefore, it is important that firms and leaders should be equipped with the right strategic management tools and techniques that can help them in analyzing environment in which they operate and be able to make strategic decisions in order to have a competitive advantage. This study analyzes the case for strategic management in tourism and gives a description on the both the external and internal environments of firms. In addition, it proposes three strategies: Business level strategy, corporate level strategy and Network level strategies that can be used by firms to be successful.

*Keywords:* *strategic management, tourism, strategy formation, vision 2030, strategy.*

*GJMBR-A Classification:* *JEL Code: M10*




*Strictly as per the compliance and regulations of:*

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# Strategic Management of the Tourism Sector in Saudi Arabia

Atyeh Mohammed Alzhrani

*Abstract-* The Vision 2030 of Kingdom of Saudi Arabia is to diversify the economy from over reliance on oil and focus on public sectors like tourism. The implementation of tools and techniques of strategic management in the kingdom's tourism sector could help in accomplishment of this goal. Strategic management is the formulation of strategies in order to meet a firms long terms goals and objectives. The tourism sector is facing a dynamic and complex environment because of macro trends like terrorism, politics, global warming and etc. Therefore, it is important that firms and leaders should be equipped with the right strategic management tools and techniques that can help them in analyzing environment in which they operate and be able to make strategic decisions in order to have a competitive advantage. This study analyzes the case for strategic management in tourism and gives a description on the both the external and internal environments of firms. In addition, it proposes three strategies: Business level strategy, corporate level strategy and Network level strategies that can be used by firms to be successful. It ends up by discussing the very crucial topic of strategy formulation and implementation and concluded the five approaches of strategy formation. This results and information provided by this study can help any touristic firm in the kingdom of Saudi Arabia to apply strategic management concepts which were originally developed for the manufacturing industry in order to analyze their environment and formulate long terms goals and objectives.

*Keywords: strategic management, tourism, strategy formation, vision 2030, strategy.*

## I. Introduction

No man is an island. Every human being needs nutrition, oxygen, water, and many more. Without dealing to its external environment, it is nothing but an island. So is the case with organizations. Without being aware of their external environment, organizations face severe challenges in such dynamic and competitive markets. For organizations to be engaged in environmental scanning, performs two key functions. Firstly, environment provides variant resources for creating goods and services, secondly, its being a source of identifying opportunities and threats for on organization (Ketchen & Short, 2011.). Extending this idea, it is suggested that external environment plays a significant role in mapping organizational overall position in its industry. Moreover, globalization has given a vibrant shift and a pace to markets, as they are not within their reach now. Now days, organizations perform their operations overseas and markets have not been confined to their native boundaries. As demonstrated by Quairel-Lanoizelee (2011) companies due to the detriment of competitive market make decisions because of the prevalence of competitive factors in its external environment. Consequently, organizations have realized the utmost importance of analyzing their competitive environment for formulating strategic planning and achieving a competitive advantage. Competitive analysis provides organizations valuable underpinnings about crucial strategic management practices, aimed at increasing the long-term well-being of organizations and competitive advantage over its competitors. Numerous studies provide evidence for competitive analysis to be a strategic tool for achieving a sustainable competitive advantage (Bloodgood, 2008; Pradojo & Mc Demott, 2007).

Strategy is a term generally used by the military which contains planning, coordination and direction to accomplish military objective that commonly involves the outmaneuvering of opponent. Whereas, the term strategic management dates back to 400 BC and is used by Sun Tzu and Carl Clausewitz in eighteenth century as a strategy that was applied in chaotic situations of wars. The strategic management subsequently depends upon the effective strategic planning, but successful implementation of strategies is also of utmost importance for effectively executing strategic plans. Alexander (1995) throws light on fact that most of the literature focuses on strategic management but rarely discuss strategic implementation. Organizational performance is associated with both elements of strategic management, (i) effective strategic planning and (ii) effective implementation of strategic plans. On the contrary, managers show vexation in disseminating the information and without their active support strategy implementation results in deterioration of strategic plans execution, hence harms performance (Pande, Neuman, & Cavanagh, 2000). The tourism of Saudi Arabia is facing many challenges because of political and managerial issues. Therefore, the tools and techniques of strategic management can help the sector in making strategic decisions. These decisions can help the sustainability of tourism industry and tourism and hospital companies. Therefore, this study has focused on strategic management in tourism industry and provided the description on both external and internal environment of firms.

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*a) Literature Review*

In both 50s and 60s, strategic management was considered as a tool to measure the quality of effective leadership based on the top down approach, where all the decision and planning routed from top management to employees down the chain. In the late 60s and 70s, strategic management arises as a term strategic planning, based on analysis done by specialized teams of experts instead of top management.

In 80s, the idea of organizational culture grown prominent as firms floated toward the strategic implementation. The main cause of this change was globalization, as scholars showing their deep understanding on globalization and put their focus to process company's structures which allow firms to grow as multinationals.

In 90s, the power of globalization firms, let strategic management to look at internal competencies, by introducing a knowledge-based approach and learning which could give a competitive advantage to firm. This development sustained up to 2000s, where firms put emphasis on corporate social responsibility.

Strategic management helps the managers facing challenges in highly competitive and dynamic business environment. Al-Turki (2011) argue that management is executed at two different levels i.e. Strategic (issues related to the existence of organization) or Tactical (related to business at a certain stage of its growth). Freeman (1984) suggests that strategic management is a long-term oriented activity aims at yielding potential. The most important element of strategic management is, strategic formulation or planning and it is defined as "an organization's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy" (Strategic Planning, n.d.). Strategic formulation has been at the core of strategic management for the last few decades (Mintzberg, 1993). Johnson and Scholes (1993) argue that strategic formulation vigorously results in optimized organizational performance by matching organizational capabilities with that of external environment and its resources.

Mintzberg et al. (1998) defined strategic management as a combination of different school of thoughts. Among these, designed school is the foremost that highlights the firm's position and external opportunities in its area of operations. Planning is the second that includes a process of setting goals and objectives, as well as setting mission and vision statements. The third school is not too different than the first and second schools, it usually deals with firm's strategic formulation and focuses more on the position and work environment of the firm. The fourth school is commonly known as the entrepreneurial school of thought that focuses on leadership qualities by analyzing the ability of a leader to use insight, judgment, intuition, wisdom, and experience to make strategic decisions. The fifth school put emphasis on strategy formation and dives into the cognitive ability to learn how the mind of an entrepreneur perceives the environment and how his idea leads his strategy formation. Therefore, this school is commonly known as the cognitive school of thought. The seventh school of thought is Power and Politics. It explains a firm's power struggle and strategy formation that define the firm's position in such a way to include power plays, plans and strategies to overcome the competition. The cultural school comes at number eight that perceives strategy formation as a social interaction which comprises all the associates of firm. The ninth school of thought describe the firm's environment as simple or complex, stable or dynamic to define the firm's position which effects its strategy formulation and implementation. The last and final school of thought is the configuration that describe the change which takes place in a firm environment.

Therefore, in the field of business administration strategic management is a long-term goal and objective which a company plans and formulate to achieve their goals and objectives.

i. *Tourism in Saudi Arabia*

Saudi Arabia is known as the heart of the Islamic world which links three continents. It is the place of two holy mosques. Therefore, the number of umrah's has tripled in past few years and reach 8 million (The Kingdom of Saudi Arabia, 2016). According to the vision document of Saudi Arabia, the country is looking forward to increasing the number of umrah's from 8 million to 20 million in 2030, as well as twofold the number of UNESCO Tourist destinations. The kingdom also plans to build a high-tech museum in future that will allow tourists to "take an immersive journey through the different ages of Islamic civilization, as well as its science, scholars and culture". The main upcoming challenge for the government is to reduce the dependency of kingdom on oil and diversify the economy to enhance public sectors such as tourism.

Tourism can be defined as activities that take people away from home to feel pleasure and to conduct business. In the world today, tourism is another type of the service industry and one of the largest businesses in the world.

*b) Types of Tourism and Hospitality*

Tourism can be separated in the following groups:

- In terms of primary services. This would include travel and transport, lodging, food and beverages, entertainment and recreation, tourism organizations.
- In terms of primary services. This would include travel and transport, lodging, food and beverages, entertainment and recreation, tourism organizations.
- In terms of size that is small, medium and large.

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- Also in terms of profit. There are touristic organizations that are strictly for making profit from their activities. However, there are NGO tourism organizations that do make profit, but also focus on societal or nonfinancial gains like saving the environment.
- They can also be classified based on their sphere of operations. That is local, regional and global level of operation

*c) Characteristics of Tourism Organizations*

Some of the major characteristics of tourism organizations include:

*Inseparability:*

Unlike in the manufacturing industry where production and marketing can be separated, in the tourism sector this is impossible because customers must be present in order for the service to be delivered. In such cases therefore, marketing and operations as well as services must be integrated in order to draw the attention of customers.

*d) Simultaneity*

It is difficult to measure quality as services are created and consumed simultaneously by customers.

*e) Perish ability*

Since tourism is in the service industry as stated earlier, services are created and are deemed to be consumed simultaneously. In the case where the services are not sold, they become perishable.

*f) Tangibility*

Services on their own cannot be seen, felt or tested when consumers buy them and are hence intangible because they are ideas, concepts and experiences that are not patentable.

*g) Heterogeneity*

It is difficult to standardize services and hence two customers who have visited the same hotel or restaurant will most likely have different experiences. This is because some factors like the human element may affect service delivery.

## II. The Case for Strategic Management in Tourism Organizations (Hypothesis Development)

Tourism organizations find themselves in a very dynamic and complex environment and are facing major challenges throughout the world. Macro trends such as terrorism, legislation, global warming, multiculturalism, stiff competition, globalization and advanced technologies are some of the major challenges to management strategies of tourism organization. The tourism industry is moving from services to experience. Therefore, managers must be equipped with the right mind frame to perceive this environmental shift and enable them to come up with strategic changes. In order to achieve this, managers must know strategic management theories and which they can easily implement practically.

*a) Applying Strategic Management in the Tourism Context*

Strategic management theories, tools and techniques were originally created for the manufacturing industry. However, strategic management theories can also be used in the tourism industry even though tourism is more concerned with service-based outcome with characteristics such as perish ability, intangibility, heterogeneity and high fixed cost.

In making strategic management decision, the external and internal environments are considered as important to increasing the productivity and profitability of the company. Some researchers have argued that the external environment mostly referred to as the "outside in" view or industry has a direct or indirect impact on the formulation of strategies. While other researchers have argued that the internal environment sometimes referred to as the "inside out" view or the firm is more important in the formulation of strategic decisions because according to them a skillful firm can override the waves of industrial crisis while less skillful firms completely disappear when the industry is in crisis. However, both the internal and external environment are crucial in planning and developing strategic management models in the tourism industry.

## III. Environment Analysis

*a) The External Environment*

The external environment highlights everything outside the firm. It involves the individuals, firms, institutions and organizations that impact the firm at both the macro and micro level. These forces can either be a threat or an opportunity to a firm depending on how it influences the firm. Hence, organizations keep on scanning their environment to determine these threats and opportunities as well as the impacts that can arise from them.

*b) Strategic Fit and Strategic Intent*

Every firm needs to efficiently make use of the SWOT analysis which helps it to determine its growth in the world of business, as well as provide signals which may counter possible opportunities or threats for the firm.

Strategic fit is the alignment between the firm's internal resources, capabilities and external opportunities (Femzi and Leven, 2010). The advantage with the "fit" is that, firms can quickly line up with arising prospects. Despite the fact that this approach came about since the 1960s through the late 1980s in strategic management, many thought it wise to have a firm plan their matching (a combination of resources



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and capabilities geared toward opportunities in the external environment). All this is useful, but timing plays a vital role in achieving emerging opportunities. You may wonder why, but it is important to note that opportunities usually come as a surprise, and when they spring forth, strategies must be ready so that they can be used at the right time and for the right purpose. Therefore, the proper planning is highly important for firms to successfully deal with upcoming prospects.

Hamel and Prahalad (1989) explained that, firms may not fully obtain a competitive advantage in relation to the opportunities the have if they do not make good use of their strategic resources and capabilities. Here, a firm needs to be in control of its environment that is, know its opportunities and threats, evaluating them in order to easily tackle its assets and competences.

*c) Internal Environment*

The interactive relationship between fellows in the internal environment is what distinguishes it from the external environment. Some researchers express the internal environment as the context (e.g. firm) through which individuals make decisions based on social and physical aspects.

Collier, Fishwick, and Floyd (2004), stated that in this changing competitive environment, the tourism companies achieve a sustainable competitive advantage through effective and efficient strategic management implementation. The aim can be achieved through participative decision-making i.e. a unique and inimitable ideas can bring innovation and improvement in strategy implementing process. Hence, it enables the company to realign its strategic targets and resources with changing business conditions. Participative decision-making is not limited up to top-level management, it includes middle level and more important the line workers who implement strategies and key for the success of an organization (Pardo-del-Val and Lloyd 2003).

According to researchers, the internal environment is comprised of three mechanisms: human resource, organizational functional, and organization level. While the former mechanism discusses issues centered on sales and marketing, operations, human resources and so much more, the latter is focused on the tertiary level that is, services, outcomes and targets.

i. *Influence of Organizational Structure*

An organizational structure can be described as a system which drafts out how some activities are conducted in order for the organization's goals to be attained. For these goals to come to life, it is important to note that where the decision holder lies matters, as well as who makes the decisions, and how they decisions are carried out. In tourism organizations, there are numerous types of organizational structures, which consist of matrix, functional and multidivisional.

In a matrix department, practical branches such as human resources, marketing, finance and research are called to collaborate with one or more product or environmental corporate, and account to various units. In a functional structure, an organization's task is based on the activities it carries out. Each organization's task is defined according to its primary functions.

A multidivisional structure is interested in how each duty has been broken down to something specific centered on the products, services and geographical areas.

ii. *Influence of Leadership*

In every tourism organization, we have these special people on whom we all count on because they have that tact when it comes to managing people, or better still the competence in decision making and skill to lead. Often known as leaders, their ability in identifying and tackling the best strategy in favor of the organization has motivated others to think out of the box and birth their own business ideas. Such leaders always have to be on the search of intuitive innovation and the power to positively impart others.

A strategic leader can be defined as a person who bears the ability to influence followers, think strategically, make decisions generously, envision, enhance the long-standing viability, maintain flexibility, sustaining organizational instant economic constancy, and initiate changes for organizational viable future (Irelan & Hitt, 1999). Strategic leadership consistently share information among their followers and this arrangement of information sharing outcomes in steady knowledge and participation of employees that urge employees to extend their insight base too. Such participation in an authoritative workforce results in imaginative and knowledgeable human capital. After that strategic managers execute their competencies to uphold the valuable culture of an organization by sharing philosophies, guiding principles, and ideas all through an organization. In today's era the organizations just not confronting innovative and technological challenges but as well as cultural issues (Aslan et al., 2011).

A leader should always come up with workshop openings and keep a steady contact between the internal and external environment. By so doing, he is going to be connected with what happens outside, and this shall help him control his internal environment better, as well as make him the link between both environments. The results of their hard work is observed on how they handle issues in case problems arise or how they react on new challenges. Every leader should work on adopting the best leadership skills needed for the smooth running of the organization. They should not be adamant to change; thereby accepting new concepts they may judge worthy, listening to their subordinates and creating a sense of trust and



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awareness in them. In all, the leaders need to be professional as well as include personal commitment toward colleagues and subordinates.

iii. *Influence of Organizational Culture*

An organization cannot work efficiently if the notion of culture or background is not taken into consideration. Dealing perfectly with such a delicate issue also demonstrates that how one puts to execution the origination's strategy and the results it hails. Organizational culture comes along with a sense of belonging, it enhances stability and also acts as a sense of pride to the organization. Therefore, culture plays an important role in members because to some, it defines who they are. A typical example is that of America; a country that takes in anyone and proves to them that through hard work and self-improvement they can excel.

## IV. Methods

An organization sure needs strategies in order for it to grow or improve. But it is good to mention the fact that each strategy has got stages, each depending on the environment and the business level. For these strategies to be fulfilled, each unit needs to be productive in its role. In the paragraphs that follow, we shall briefly speak about; business, corporate and network level strategies. A good strategy is essential as it makes the company's ideas outstand those of its competitors and defines the organization to something precise and concise as to what goods and services they offer.

*a) Business Level Strategies*

On this level, the same firm which is opened in other countries or even part of the same country is usually perceived differently by consumers in various countries. In such cases, that which some clients from other zones accord much value to, looks almost like nothing to another client in a different country.

It is good to know that such differences are mostly outlined by the consumer be it knowingly or unknowingly, and the capability to use the brand name to generate more returns in the short or long run. Due to market differentiation, a gap exists between developing and developed countries in terms of consumers' experience and the type of goods and services each of them receives. Often, firms are obliged to adapt themselves to the marketing systems they find when they move into a country other than theirs, and thus affects their market strategies on the international sphere.

*b) Corporate Level Strategies*

This is an approach used by certain firms to gain advantage by indulging into several little businesses. In such a case, extra efforts need to be displayed because your focus is not only on one company, but many others with different nature of sales and products. Strategies do not limit themselves to an international scope only, they go world too. This now brings awareness in the fact that not all customers have the same desires since taste is relative and to each his own. This boils down to another issue of curiosity in customers taste worldwide, the issue of knowing or trying to produce goods and services that may be beneficial to almost everyone's needs or wants. Each firm therefore has to adopt a good device that is going to handle this concern. To help with this struggle, researchers came up with two strategies: multidomestic and global.

According to research, an organization operating with multidomestic strategies at home shall diversify each strategy in its international market. Whereas, a company that makes use of global strategy will always see himself on the same stand in his country as well as internationally. That is, each activity he carries out in one of his companies must therefore be extended too in his companies abroad.

*c) Network Level Strategies*

Strategic alliance is an agreement between two or more partners who share resources or knowledge that may be beneficial to them. This is a give-and-take relationship in which each partner pulls in efforts as well as risks that may be advantageous for both.

## V. Discussion

*a) Strategy Formulation and Implementation*

Strategy formulation and implementation can be collectively defined as Strategy Formation. However they both represent different school of thoughts. Strategy formulation has to deal with the pillars that guide a firm on selecting the most optimal strategy while Strategic implementation has to do with realizing strategy formulation while considering the limited nature of time and resources.

There are 5 schools of thought or approaches that guide strategy formation:

*The Planning Approach:* The oldest of the approaches, it deals with 4 pillars which include analysis, strategy formulation and implementation, control. It lays emphasis on formal analysis on both the external and internal environment. It goes ahead to claim that with the right calculations, data, technique and analysis, a firm can predict the outcomes of the external environment and hence help them implement strategies that can overcome a dynamic external environment

*The Emergent Approach:* This approach claims that planning approach does not guarantee the success of a company. However, it claims the success of a firm lies in the development of pragmatic trial and error processes usually implemented by middle managers. This approach considers strategy implementation and formulation to be an overlapping process and considers



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power distribution, politics and organization culture as important in strategy formation.

*b) The Contingency Approach*

This approach claims that there is no one single or set of factors that determine a winning strategy. In other words, there is no formation that fits all solution. Nevertheless, the approach suggests that the best strategy in any given situation is chosen by the interaction of multiple factors that match the situation.

*c) The Configurational Approach*

This approach claims that not one approach is enough for strategy formation, but a combination of approaches depending on the time and situation are crucial in formulating and implementing strategies. It further claims that all levels of management should be involved in strategy formation, and the factors of strategy formation such as strategy, leadership, culture, communication must be used entirely in order to formulate strategies and meet objectives.

*d) The Complexity Approach*

This view unlike the others requires that companies don't have fixed aims and objectives, however it proposes that managers must use their perspective in order to interpret the dynamics and complexities of the internal and external environment continuously and respond to them in time.

## VI. Conclusion

Strategic management is a process through which a firm is able to set a mission, a vision, goals, and objectives, as well as craft and execute strategies at various levels of its hierarchy in order to maintain a competitive advantage so the firm can achieve its goals and survive in the long run. Moreover, it provides a holistic view and can help Hospitality and Tourism organizations to prioritize important choices for them. It has four main elements: strategic analysis, formulation, implementation, and evaluation. Although these four elements are often presented as distinct phase but in reality, they overlap and go hand in hand.

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# 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.
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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

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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.

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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.

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## 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.



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***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.



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- 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.



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**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.

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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."

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**Approach:**

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| ***References*** | Complete and correct format, well organized | Beside the point, Incomplete | Wrong format and structuring |

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