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## **EDITOR'S INTRODUCTION**

Welcome to Volume 5, Number 1 of the SIU Journal of Management, which is a double peer reviewed academic journal accepting papers in a wide range of fields of scholarly inquiry, broadly related to management. As an international journal published by a university dedicated to internationalism of thought and the rejection of nationalism, we welcome papers relating to the improvement of human existence and society through the use of management. In the case of Thailand, that entails the (resumption of the) search for means of escaping upwards from the Middle Income Trap in which we are now entrapped. Unfortunately although perhaps not surprisingly, the junta that overthrew the democratically-elected government in May 2014, seems to be devoted to turning back the clock in terms of the economy as well as society towards some imagined vision of the past. The result is the return to squeezing a few last baht for the coup-puppeteers from the Factory Asia paradigm of low labour competitiveness in export-oriented, import-substituting intensive manufacturing, although in this case apparently using migrant labour as the victims of exploitation. Cui bono?

In this issue, I am happy to welcome authors hailing from and writing about Bangladesh, India, Nigeria and Thailand. The diversity of authorship, in addition to the range of issues with which engagement has been made continues to be gratifying. The SIU Journal of Management is committed to giving voice to scholars from developing nations around the world and in providing assistance to those authors who wish to be published for the first time or as part of their early careers.

There are seven peer reviewed papers in this issue and one opinion piece, in addition to the book reviews. Sitansu Panda and Bhabani Prasad Rath discuss performance management systems (PMS) in the context of an Indian manufacturing company through a large-scale empirical study. They find that the PMS considered is multi-factorial

in nature and receives different levels of attention and approbation based on demographic characteristics of respondents, especially with respect to their level of seniority in the company surveyed.

The second paper is from Olabanji Emmanuel\_Obadara, who considers the relationship between the nature of leadership in secondary schools in Nigeria by head teachers with the level of academic achievement of students in those schools. The empirical research shows that there is indeed a relationship between leadership style and performance and those head teachers who can inspire their students through transformative leadership may prove advantageous in this case. Of course, the ability to perform in this way depends at least in part on the level of resources and support that the head teachers receive or can obtain.

Mohammed Naved Khan, Naseem Abidi and Surabhi Singh consider the nature of online internet banking in India and the marketing-related problems that they face. Empirical research indicates problems with perceptions of lack of trust and security which undermine the nature of the nevertheless growing market size. India is such a large potential consumer market that it is not necessary to attract even a very large proportion of the overall market to be profitable and sustainable. Even so, lack of trust is an insidious factor which will reveal itself in negative events again and again if not properly addressed – as we in Thailand, another low trust society, know all too well.

In the fourth paper, S.M. Arifuzzaman and Prodduth Chatterjee use an empirical research method to investigate the rise of Facebook as a medium of advertising and communication among, particularly, the young people of Bangladesh. They find that Facebook continues to increase its competitiveness in these respects and seems to have no foreseeable ceiling to its elevation. However, there are still issues of trust and security to be addressed.

Next, in an innovative and fascinating paper, Ravee Phoemhawm uses an analytical, narrative case study approach to relate the failure of the 1871 Polaris Expedition to the North Pole to the literature on organizational behaviour and, in particular, to the nature and outbreak of defensive forms of behaviour and the negative effects these can have on the ability of teams to learn from failures and, therefore, achieve mission objectives. The case shows the disintegration of the mission as those who succeed to senior positions in the mission fail to live up to the standards of behaviour and leadership expected of them.

The sixth paper is by Md. Serazul Islam and Mohammad Shaha Alam Patwary and concerns the nature of microfinance institutions in Bangladesh and their role in combating poverty. The paper focuses specifically on the Bangladesh Rural Advancement Committee (BRAC), one of the leading microfinance institutes in the country. Empirical research shows the importance of such institutes and the limits to what they can achieve within the context of a system of advanced international capitalism. Recommendations are made to this effect.

The final peer reviewed paper is by A.A. Adekunle and T.D. Oke and investigates the relationship between teacher turnover and student achievement in a region of Nigeria. The research indicates that there is a positive correlation between the two and then, within the context of the national policies for education in the country, questions the relationship of causality relating to teacher disengagement and lack of status and support.

After the peer reviewed papers, Mahmoud Moussa provides an opinion piece in which he reviews the role of quasi-governmental organizations in ASEAN and their possible role in furthering the advancement of the ASEAN Economic Community (AEC). In his view, there is to a limited extent a positive role for such organizations.

Book reviews, as ever, complete this issue of the journal. Please feel free to submit papers to the SIU Journal of Management for possible publication in future issues of the publication. We aim to provide rapid responses, editorial support and, of course, a completely free to publish and access system. I am particularly interested in receiving and helping to move towards publication papers from countries not previously represented in this journal and who find publication problematic.

As ever, I recommend pessimism of the intellect and optimism of the will: things may be terrible but we can make them better. The future is ours.

*John Walsh, Editor, SIU Journal of Management.*

*Opinions expressed in this introduction belong to the editor alone and should not be ascribed to Shinawatra University as a whole or any individual member of it.*

**PEER REVIEWED RESEARCH PAPERS**

# Performance Management System of a Manufacturing Company: An Empirical Study

Sitsanu Panda and Bhabani Prasad Rath

## Abstract

*In today's business environment, organizations with talented and motivated employees providing best service are expected to be the most competitive. To achieve this, a Performance Management System (PMS) is a key tool in transforming the efforts of employees into a form of business success. The process involved in the PMS of a manufacturing company, along with its components, is highlighted in this article. The association between employees' perceptions about the PMS of the company and their personal background is explored. The study suggests that there exists an association between the personal background of the responding participants and the PMS of the company which is of statistical significance.*

**Key Words:** India, Performance Management System (PMS)

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## 1. Introduction

The management of employee performance is essential for organizations. An effective and systematic management of employee performance plays an important role in achieving organizational

performance. An organization's productivity is a function of the integration of its organizational productivity systems and performance management systems (Carkhuff, 1983).

Performance management is the process of identifying, evaluating and developing the work performance of employees in the organization, so that organizational goals and objectives are more effectively achieved, while at the same time benefiting employees in terms of better organization, receiving feedback, catering for work needs and offering career guidance (Lansbury, 1988). Performance management refers to the process of setting and communicating performance targets, defining evaluative criteria to be employed at different levels of performance, monitoring performance, making review of performance, proving feedback and taking corrective measures to remove performance snags (Mendonca & Kanungo, 1990). It has been emphasized that performance management is a system whereby the organization's objectives are set and met by means of the processes of objective setting for individual employees (Fletcher & Williams, 1992). The essence of performance management is the development of individuals with competence and commitment working towards the achievements of shared meaningful objectives within an organization which supports and encourages their achievement (Lockett, 1992). Performance management involves a strategic and integrated process that delivers sustained success to organizations by improving the performance of the people involved and by developing the capabilities of individual contributors and the team overall (Armstrong, 2000). In the process of performance management, both supervisors and employees should be involved in identifying common goals correlated to the higher goals of the organization, resulting in the establishment of the expected performance later used for performance evaluation and feedback (Davis, 2004, Storey, 2005). Performance management practices must be tailored to fit each organization's changing requirements. Such management is a critical and necessary component for individual and organizational effectiveness (Krishnaveni, 2008). A Performance Management System (PMS) follows an interdependent

process which ensures that performance of the people is in line with the objectives of the organization; such a system should create a working environment in which people can perform to the best of their abilities (Pande & Basak, 2012; Snell, Bohlander & Vohra, 2012).

## **2. Present Study**

The study addresses the PMS of a steel manufacturing company located in India. The association of personal background of the employees and their perception about the PMS of the company is explored. The study is based on the PMS model given by Armstrong (2000). As a whole, the process of PMS and its components are examined. Those components include employees' perceptions about different dimensions of PMS as performance planning mechanism, performance appraisal, performance management, performance feedback, performance monitoring and performance training, as well as their association with their departments, designation and qualifications.

### **2.1. Objectives**

The objectives of this study are as follows:

- To study the processes and components of the PMS used in the company studied;
- To study the relationship between employees' perceptions about the PMS of the company and their own personal backgrounds.

### **2.2. Hypotheses**

The hypotheses examined in this paper are as follows (in null format):

Hypothesis 1<sub>0</sub>: There is no association between the perceptions of participants working in different departments and the PMS of the company.

Hypothesis 2<sub>0</sub>: There is no association between the designation of the respondents and their perceptions about different dimensions of the PMS of the company.

Hypothesis 3<sub>0</sub>: There is no association between the qualifications of the participants and their perceptions about different dimensions of the PMS of the company.

### **3. Research Methods**

The data obtained is descriptive and analytical in nature. Data has been collected from both primary and secondary sources. Books, journals, magazines, periodicals, daily newspapers, websites and other sources have been used in this case. A questionnaire was designed and administered to a cross-section of the employees of the organization studied. More specifically, three categories of the respondents have been covered in this study, which are managers, supervisors and workers. The purpose of this was to understand and to portray a complete picture of the functioning of the PMS of the organization. The responses and perceptions about the PMS from the participating respondents with different designations have been studied so that a complete functioning of the PMS can be studied from employees in different categories with, it is hoped, minimal scope for bias. One hundred managers, 100 supervisors and 300 workers were included in the study, for a total sample size of 500. A simple random sampling method was used to select respondents. The data was collected from the respondents, collated, tabulated and analyzed, as will be seen below.

The questionnaire that was designed had 17 items relating to different dimensions of the PMS. In designing the questionnaire, Armstrong's

(2000) PMS Model is used because of its suitability and appropriateness for this study. The model has six dimensions of PMS. These are: performance planning; performance appraisal; performance management; performance feedback; performance monitoring and performance training. In the construction of the items, these six dimensions of a PMS have been covered. After developing the questionnaire, a pilot study was conducted. After the pilot study, some changes in the questionnaire were made. This was followed by testing the reliability of the questionnaire and this yielded a Cronbach's alpha value of 0.83, which signifies a good and acceptable level of questionnaire reliability. Suitable statistical methods such as Chi-square testing have been conducted for this study and data interpretation has been conducted using the SPSS 18.0 software. The results have been discussed in the context of statistical significance.

### **3.1. Demographic Details of the Samples**

The respondents who participated in the study were selected according to a simple random sampling method. The 500 respondents belong to three categories based on their designation: managers (100); supervisors (100) and workers (300). The respondents work in different departments, which are divided into production (421) and non-production (79).

In terms of educational qualifications, four categories were used: higher school certificate (HSC) qualified (265); intermediate qualification (85); graduate (125) and post-graduate qualification (25). The respondents were categorized according to four age ranges: 20-30 years (147); 31-40 years (139); 41-50 years (111) and 51+ years (103). The sample size constitutes approximately 4.4% of the population.

## **4. Results and Discussion**

### **4.1. Process and Components of PMS**

#### **4.1.1. Salient Features of the PMS**

The key performance areas are prescribed for the executives, which include both routine and non-routine activities of various kinds. Measures are taken to cascade organizational goals from plant level to individual level, especially in terms of conducting workshops. Performance plans, key performance areas (KPAs), online performance diaries, multi-rater performance assessment systems (annually once), self-assessments, performance review discussions (annually twice), constitution of the Performance Management Committee, rating of executives' performance using a grading system, 360<sup>0</sup> feedback, competency assessments, transparency and over and above specifications of the functions of the reporting and reviewing officers are among the features of the PMS studied.

#### **4.1.2. Processes and Components of the PMS for Executives**

The process starts with the Goal Alignment Cascading Workshops (GACWs), which are conducted by the respective heads of departments (HODs). The Annual Business Planning processes, organizational goals, departmental goals, departmental targets, sectional goals and their relationships are discussed in the GACWs. From the organizational goals, an executive's role, functions and goals are defined. More specifically, the workshop offers the opportunity to discuss how cascading of organizational goals to individual (executive) goals takes place and its importance. Based on this, the KPAs of an executive are determined. Both routine, job-related, planned activities and special contributions are included in the performance evaluation form designed for the executives. The HOD plays a key role in ensuring that the achievements are documented in KPAs and also in assigning weightings to each KPA and making

entries appropriately to make sure they can be available for viewing by other departments. The responsibility for conducting the performance planning and GACWs rests with HODs. The performance planning and GACWs need to be completed by the middle of April of each year with the full involvement of all the executives of the department. As a result, there should be clarity concerning the key activities, processes involved, planned results and outcomes at different levels of the organization, along with the amount of time invested. This should help in enhancing the performance of executives and levels of performance are exhibited through the Annual Performance Planning process. By the end of April each year, the data regarding the KPAs of executives is entered into the online system. A performance diary is to be maintained online to record the performance highlights of each executive. The performance and development planning is conducted at the beginning of every year.

The performance of an executive is reviewed twice a year. The first review is based on performance from April to September and the second review is based on the performance October to March. This is conducted by the relevant Reporting and Reviewing Officer, after the self-review has been completed by an executive on personal performance. The self-review is based on the accomplishments and achievements completed by the concerned executive. There is a prescribed form on which the respective Reporting Officer writes relevant comments. Transparency should be maintained in such a review.

The performance assessment of an executive is conducted once annually. Different weightings are given to the different components of the assessment. The performance, competencies, values and potential aspects of an executive are assessed. The achievements reported personally and by the Reporting and Reviewing Officers are used in the assessment, which is performed online. The final assessment and its grading is conducted by the Performance

Management Committee (PMC) and this committee will discuss with individual executives about their individual level of performance. The discussion is used in the subsequent training and development of employees. The performance assessment discussion between the PMC and the executives begins by familiarizing the latter with individual performance plans. The assessment is based on personal KPAs and related achievements. There is scope for assessing the assessors, which is based on studying the appraiser's rating behaviour. This is done by the executives at the end of the year. The rating behaviour of Reporting and Reviewing Officers is assessed by their respective executives. The entire PMS for the executives is audited by the Executive PMS Audit team, which is the final step in the PMS for the executives concerned. This audit is conducted in order to assess the extent of the implementation of the PMS. The processes involved in the PMS are illustrated in Table 1 below.

There are seven principal components of PMS for executives. These are: performance and development planning; online system for performance management; assessing and developing competencies of executives; performance review and assessment; final performance categorization of ratings by the PMC; assessment of assessors and audit of the PMS. Different competencies of the executives to be assessed include functional competencies, interpersonal skills and teamwork, problem solving and initiative-taking, communication skills and the maintenance of a positive attitude.

#### **4.1.3. Processes and Components of the PMS for Non-Executives**

The performance of both technical and non-technical non-executive employees is appraised once in a financial year. The Reporting Officer has to appraise and award marks using the appropriate form for each employee. The appraisers follow certain guidelines when appraising the employees. Based on the General Grading and the Attendance Grading, the final assessment of an employee is completed and a grade of O, A, B, C or C- is entered into the prescribed form and

lodged with the Personnel Department by the middle of March annually.

#### **4.1.4. Components of the PMS for Non-Executives**

The performance of non-executives is appraised based on the Confidential Character Role. The non-executive employees are appraised by their Reporting Officers and then the Reviewing Officers based on a range of different factors. These factors are: performance on the job; job knowledge and skill; punctuality and availability on the job; innovation; cost and quality consciousness; initiative-taking and capacity for assuming higher responsibility; conduct and behaviour and housekeeping and safety consciousness. The employees are assessed as one of the grades O, A, B, C or C- based on their overall performance, which also includes general behaviour and attendance. The performance indicator ranges from outstanding to very poor performance.

#### **4.2. Personal Back ground and Perceived PMS**

It was hypothesized that the PMS need not depend on the personal background variables. Different tables have been made which depict cross-tabulations of the independent variables and perception of the PMS as dependent variable (see below). The actual scores on perceived PMS are obtained by computing individual score on the items relating to the specified dimensions of the PMS. The data in this regard are presented in tables 1 to 18 followed by discussions for each table.

##### **4.2.1. Department and Performance Planning**

It is assumed that there is no association between the perceptions of employees working in different departments and performance planning. Respondents were divided between the production and non-production categories. The related data are cross-tabulated and presented in a tabular form (Table 2).

Steps	Activities
Planning of Performance for the Year	Goal Cascading Workshops Identification of KPAs HOD and Executive involvement Annual Performance Plan Online system Development planning, 30th April
Reviewing the Performance	By Reporting Officer Self-Review Comments online Prescribed Format Comments by Reviewing Officer Annually twice Online system Development planning, 30th April
Assessing the Performance for the Year	Weightage of various components Performance, competencies, values and potential Annually once Grading by PMC Annually twice
Assessing the Assessors by Appraised	Feedback on rating behaviour By executives Reporting & Reviewing Officer Assessor's Assessment Form Online system Development planning, 30th April
Auditing the PMS	Assessing implementation of PMS Observation on the system Audit Committee Annually twice Online system Development planning, 30th April

**Table 1:** *Processes Involved in the PMS for Executives; source: Original Research*

Department	Performance Planning			Total
	Less	Moderate	More	
<b>Production</b>	111 (26.4%)	188 (44.7%)	122 (29.0%)	421 (100%)
<b>Non-Production</b>	25 (31.6%)	42 (53.2%)	12 (15.2%)	79 (100%)
<b>Total</b>	136 (27.2%)	230 (46.0%)	134 (26.8%)	500 (100%)

**Table 2:** *Department and Performance Planning; source: Original Research (note:  $\chi^2 = 6.448$ ;  $D.F = 2$ ;  $P = 0.040^{*1}$ )*

The figures in Table 1 show that a little above one quarter (29.0%) of the respondents working in production and a little less than one sixth (15.2%) in non-production perceived performance planning as being more effective. The Chi-square test result value reveals the association between the variables to be statistically significant.

#### 4.2.2. Department and Performance Appraisal

It is assumed that there is no association between the perceptions of employees working in different departments and performance appraisal.

It is seen in Table 3 that among the participants working in production department, a little less than one sixth (16.6%) of them perceive performance appraisal as being more effective. In the case of the participants in the second category, non-production, the figures show that only 13.9% of the participants perceive performance appraisal as more effective. There is an association between department and performance appraisal, which is evident from the Chi-square test result value.

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<sup>1</sup> One asterisk denotes a statistically significant result at the 0.05 level (95% confidence level). Two asterisk denote a statistically significant result at the 0.01 level.

Department	Performance Appraisal			Total
	Less	Moderate	More	
<b>Production</b>	110 (26.1%)	241 (57.2%)	70 (16.6%)	421 (100%)
<b>Non-Production</b>	36 (45.6%)	32 (40.5%)	11 (13.9%)	79 (100%)
<b>Total</b>	146 (29.2%)	273 (54.6%)	81 (16.2%)	500 (100%)

**Table 3:** *Department and Performance Appraisal; source: Original Research (note  $\chi^2 = 12.323$ ; D.F = 2; P= 0.002\*\*)*

#### 4.2.3. Department and Performance Management

It is assumed that there is no association between perception of employees working in different departments and performance management.

Department	Performance Management			Total
	Less	Moderate	More	
<b>Production</b>	138 (32.8%)	178 (42.3%)	105 (24.9%)	421 (100%)
<b>Non-Production</b>	48 (60.8%)	21 (26.6%)	10 (12.7%)	79 (100%)
<b>Total</b>	186 (37.2%)	199 (39.8%)	115 (23.0%)	500 (100%)

**Table 4:** *Department and Performance Management; source: Original Research (note:  $\chi^2 = 22.481$ ; D.F = 2; P= 0.000\*\*)*

In Table 4, it is shown that among the respondents associated with production 24.9% perceive performance management as more effective, while among the non-production respondents only 12.7% of them perceive performance management as more effective. The variables have a significant association, which is evident from the Chi-square test result value.

#### 4.2.4. Department and Performance Feedback

It is assumed that there is no association between perception of employees working in different departments and performance feedback. The related data are cross-tabulated and presented in a tabular form (Table 5 below).

Department	Performance Feedback			Total
	Less	Moderate	More	
<b>Production</b>	144 (34.2%)	190 (45.1%)	87 (20.7%)	421 (100%)
<b>Non-Production</b>	31 (39.2%)	40 (50.6%)	8 (10.1%)	79 (100%)
<b>Total</b>	175 (35.0%)	230 (46.0%)	95 (19.0%)	500 (100%)

**Table 5:** *Department and Performance Feedback; source: Original Research (note:  $\chi^2 = 4.808$ ;  $D.F = 2$ ;  $P = 0.090$ )*

The figures in Table 5 show that 20.7% of production respondents and 10.1% of non-production respondents perceive performance feedback to be more effective. In both the categories, more than one third (34.2% and 39.2%) of the respondents perceive performance feedback as being less effective. The Chi-square test result value indicates that there is no association between observable among the variables.

#### 4.2.5. Department and Performance Monitoring

It is assumed that there is no association between the perceptions of employees working in different departments and performance monitoring. The related data are cross-tabulated and presented in Table 6 below.

Department	Performance Monitoring			Total
	Less	Moderate	More	
<b>Production</b>	102 (24.2%)	205 (48.7%)	114 (27.1%)	421 (100%)
<b>Non-Production</b>	33 (41.8%)	22 (27.8%)	24 (30.4%)	79 (100%)
<b>Total</b>	135 (27.0%)	227 (45.4%)	138 (27.6%)	500 (100%)

**Table 6:** Department and Performance Monitoring; **source:** Original Research (note:  $\chi^2 = 14.212$ ;  $D.F = 2$ ;  $P = 0.001^{**}$ )

It is evident from the figures in Table 6 that 27.1% of the production respondents and 30.4% of the non-production participants of the second category perceive performance monitoring as being more effective. The Chi-square test result value shows a statistically significant association between the variables.

#### 4.2.6. Department and Performance Training

It is assumed that there is no association between the perceptions of employees working in different departments and performance training (Table 7 below).

Department	Performance Training			Total
	Less	Moderate	More	
<b>Production</b>	143 (34.0%)	129 (30.6%)	149 (35.4%)	421 (100%)
<b>Non-Production</b>	28 (35.4%)	36 (45.6%)	15 (19.0%)	79 (100%)
<b>Total</b>	171 (34.2%)	165 (33.0%)	164 (32.8%)	500 (100%)

**Table 7:** Department and Performance Training; **source:** Original Research (note:  $\chi^2 = 9.992$ ;  $D.F = 2$ ;  $P = 0.007^{**}$ )

The figures in Table 7 show that 35.4% of production respondents but only 19.0% of non-production respondents perceive performance training to be more effective. There exists a significant association between the variables, which is evident from the Chi-square test result.

#### 4.2.7. Designation and Performance Planning

It is assumed that there is no association between the designation of the participants and their perceptions of performance planning. The results of this test are presented in Table 8.

Department	Performance Planning			Total
	Less	Moderate	More	
Manager	7 (7.0%)	54 (54.0%)	39 (39.0%)	100 (100%)
Supervisor	17 (17.0%)	55 (55.0%)	28 (28.0%)	100 (100%)
Worker	112 (37.3%)	121 (40.3%)	67 (22.3%)	300 (100%)
Total	136 (27.2%)	230 (46.0%)	134 (26.8%)	500 (100%)

**Table 8:** *Designation and Performance Planning; source: Original Research (note:  $\chi^2 = 43.239$ ; D.F = 4; P = 0.000\*\*)*

It is shown in Table 8 that 39% of managers, 28.0% of supervisors and 22.3% of workers perceive performance planning to be more effective. Workers were much less positive about the practice. The Chi-square test result reveals that the distribution is statistically significant.

#### 4.2.8. Designation and Performance Appraisal

It is assumed that there is no association between the rank of the respondents and their perception about performance appraisal. The relevant results for this test are displayed in the table below.

Department	Performance Appraisal			Total
	Less	Moderate	More	
<b>Manager</b>	28 (28.0%)	38 (38.0%)	34 (34.0%)	100 (100%)
<b>Supervisor</b>	24 (24.0%)	64 (64.0%)	12 (12.0%)	100 (100%)
<b>Worker</b>	94 (31.3%)	171 (57.0%)	35 (11.7%)	300 (100%)
<b>Total</b>	146 (100.0%)	273 (100.0%)	81 (100.0%)	500 (100%)

**Table 9:** *Designation and Performance Appraisal; source: Original Research (note:  $\chi^2 = 32.877$ ; D.F = 4; P= 0.000\*\*)*

Table 9 above shows that 34.0% of manager respondents, 12.0% of supervisor respondents and 11.7% of worker respondents perceive performance appraisal as being more effective. The Chi-square test result value reveals that this is a statistically significant distribution.

#### 4.2.9. Designation and Performance Management

It is assumed that there is no association between designation of the participants and their perception about performance management. The results for this test are shown below.

The figures in Table 10 show that 34.0% of manager respondents perceive performance management to be more effective, while this is true of only 29.0% of supervisors and 17.3% of workers. The Chi-square test result value shows that the association between designation and performance management is statistically significant.

Department	Performance Management			Total
	Less	Moderate	More	
<b>Manager</b>	29 (29.0%)	37 (37.0%)	34 (34.0%)	100 (100%)
<b>Supervisor</b>	34 (34.0%)	37 (37.0%)	29 (29.0%)	100 (100%)
<b>Worker</b>	123 (41.0%)	125 (41.7%)	52 (17.3%)	300 (100%)
<b>Total</b>	186 (37.2%)	199 (39.8%)	115 (23.0%)	500 (100.0%)

**Table 10:** *Designation and Performance Management; source: Original Research (note:  $\chi^2 = 14.918$ ;  $D.F = 4$ ;  $P = 0.005^{**}$ )*

#### 4.2.10. Designation and Performance Feedback

It is assumed that there is no association between the designation of the participants and their perception about performance feedback. The relevant results are displayed below.

Department	Performance Feedback			Total
	Less	Moderate	More	
<b>Manager</b>	26 (26.0%)	50 (50.0%)	24 (24.0%)	100 (100%)
<b>Supervisor</b>	34 (34.0%)	52 (52.0%)	14 (14.0%)	100 (100%)
<b>Worker</b>	115 (38.3%)	128 (42.7%)	57 (19.0%)	300 (100%)
<b>Total</b>	175 (35.0%)	230 (46.0%)	95 (19.0%)	500 (100%)

**Table 11:** *Designation and Performance Feedback: source: Original Research (note:  $\chi^2 = 7.782$ ;  $D.F = 4$ ;  $P = 0.100$ )*

It is evident from Table 11 that more respondents had a negative opinion of performance feedback than a positive one, in all categories

of designation. However, the Chi-square test result value shows that this is not a statistically significant distribution.

#### 4.2.11. Designation and Performance Monitoring

It is assumed that there is no association between designation of the participants and their perception about performance monitoring. The relevant data are cross-tabulated and presented in Table 12.

Department	Performance Monitoring			Total
	Less	Moderate	More	
Manager	0 (0%)	73 (73.0%)	27 (27.0%)	100 (100%)
Supervisor	28 (28.0%)	33 (33.0%)	39 (39.0%)	100 (100%)
Worker	107 (35.7%)	121 (40.3%)	72 (24.0%)	300 (100%)
Total	135 (27.0%)	227 (45.4%)	138 (27.6%)	500 (100%)

**Table 12:** *Designation and Performance Monitoring: source: Original Research (note:  $\chi^2 = 63.375$ ; D.F = 4; P= 0.000\*\*)*

It is evident from the figures in Table 12 that a little above one fourth (27.0%) of the managerial participants, nearly two fifths (39.0%) of the supervisory participants and around one fourth (24.0%) of the worker category respondents perceived performance monitoring to be more effective. Meanwhile, two fifths (40.3%) of the worker respondents perceived such monitoring to be moderately effective. The Chi-square test result value shows there is a statistically significant relationship between the variables.

#### 4.2.12. Designation and Performance Training

It is assumed that there is no association between the designation of the participants and their perception of performance training. The relevant results are displayed in the table below.

Department	Performance Training			Total
	Less	Moderate	More	
Manager	24 (24.0%)	21 (21.0%)	55 (55.0%)	100 (100%)
Supervisor	32 (32.0%)	31 (31.0%)	37 (37.0%)	100 (100%)
Worker	115 (38.3%)	113 (37.7%)	72 (24.0%)	300 (100%)
Total	171 (34.2%)	165 (33.0%)	164 (32.8%)	500 (100%)

**Table 13:** *Designation and Performance Training; source: Original Research (note:  $\chi^2 = 33.793$ ; D.F = 4; P= 0.000\*\*)*

Table 13 shows that the majority (55.0%) of the managerial participants, a little above one third (37.0%) of the supervisory respondents and around one fourth (24.0%) of the worker respondents perceived performance training to be more effective. Among the managers, one fourth (24.0%) perceived performance training to be less effective. The Chi-square test result value reveals the existence of a statistically significant relationship between the variables.

#### 4.2.13. Qualifications and Performance Planning

It is assumed that there may not be any association between the level of qualifications of the participants and their perceptions of performance planning. The relevant results in this case are presented in the table below.

Qualification Group (in Degrees)	Performance Planning			Total
	Less	Moderate	More	
H.S.C.	71 (26.8%)	128 (48.3%)	66 (24.9%)	265 (100%)
Intermediate	27 (31.8%)	26 (30.6%)	32 (37.6%)	85 (100%)
Undergraduate	36 (28.8%)	62 (49.6%)	27 (21.6%)	125 (100%)
Post-Graduate	2 (8.0%)	14 (56.0%)	9 (36.0%)	25 (100%)
Total	136 (27.2%)	230 (46.0%)	134 (26.8%)	500 (100%)

**Table 14:** *Qualifications and Performance Planning; source: Original Research (note:  $\chi^2 = 15.900$ ;  $D.F = 6$ ;  $P = 0.014^*$ )*

Table 14 shows that among the respondents with H.S.C., one fourth (24.9%) perceived performance planning to be more effective. In the second category, which includes the intermediate qualified employees, around one third (37.6%) perceive it to be better, whereas this was true for 21.6% of undergraduates and 36.0% of post-graduates. The Chi-square test result reveals a statistically significant relationship between the variables.

#### 4.2.14. Qualification and Performance Appraisal

It is assumed that there may not be any relationship between the level of qualifications of the respondents and their perceptions of performance appraisal. The relevant data are presented in the table below.

Table 15 shows that just 9.4% of respondents with H.S.C., 34.1% with intermediate qualifications, 14.4% of undergraduates and 36.0% of postgraduates perceived performance appraisal to be effective. On the other hand, 29.1% of H.S.C. holding respondents and 25.9% of those

with intermediate qualifications perceive it to be less effective. The Chi-square test value indicates that there is a statistically significant result between the variables.

Qualification Group (in Degrees)	Performance Appraisal			Total
	Less	Moderate	More	
H.S.C.	77 (29.1%)	163 (61.5%)	25 (9.4%)	265 (100%)
Intermediate	22 (25.9%)	34 (40.0%)	29 (34.1%)	85 (100%)
Undergraduate	38 (30.4%)	69 (55.2%)	18 (14.4%)	125 (100%)
Post-Graduate	9 (36.0%)	7 (28.0%)	9 (36.0%)	25 (100%)
Total	146 (29.2%)	273 (54.6%)	81 (16.2%)	500 (100%)

**Table 15:** *Qualification and Performance Appraisal*; **source:** *Original Research* (note:  $\chi^2 = 40.297$ ;  $D.F = 6$ ;  $P = 0.000^{**}$ )

#### 4.2.15. Qualifications and Performance Management

It is assumed that there may not be any relationship between the qualification levels of the participants and their perceptions of performance management. The relevant data are displayed in the table below.

The figures in Table 15 show that 24.2% of respondents with H.S.C., 21.2% with intermediate qualifications, 12.0% of undergraduates but 72.0% of post-graduates thought that performance management was effective. By contrast, 42.4% of undergraduates perceived performance management not to be effective. The Chi-square results indicate that there is a statistically significant relationship between the variables.

Qualification Group (in Degrees)	Performance Management			Total
	Less	Moderate	More	
H.S.C.	105 (9.6%)	96 (36.2%)	64 (24.2%)	265 (100%)
Intermediate	23 (27.1%)	44 (51.8%)	18 (21.2%)	85 (100%)
Undergraduate	53 (42.4%)	57 (45.6%)	15 (12.0%)	125 (100%)
Post-Graduate	5 (20.0%)	2 (8.0%)	18 (72.0%)	25 (100%)
Total	186 (37.2%)	199 (39.8%)	115 (23.0%)	500 (100%)

**Table 16:** *Qualification and Performance Management; source: Original Research (note:  $\chi^2 = 49.930$ ; D.F = 6; P= 0.000\*\*)*

#### 4.2.16. Qualification and Performance Feedback

It is assumed that there may not be any relationship between the qualifications of the respondents and their perceptions of performance feedback. The relevant data are cross-tabulated and presented in Table 17 below.

Qualification Group (in Degrees)	Performance Feedback			Total
	Less	Moderate	More	
H.S.C.	106 (40.0%)	98 (37.0%)	61 (23.0%)	265 (100%)
Intermediate	22 (25.9%)	51 (60.0%)	12 (14.1%)	85 (100%)
Undergraduate	45 (36.0%)	66 (52.8%)	14 (11.2%)	125 (100%)
Post-Graduate	2 (8.0%)	15 (60.0%)	8 (32.0%)	25 (100%)
Total	175 (35.0%)	230 (46.0%)	95 (19.0%)	500 (100%)

**Table 17:** *Qualification and Performance Feedback; source: Original Research (note:  $\chi^2 = 29.329$ ; D.F = 6; P= 0.000\*\*)*

Table 17 shows that 23.0% of respondents with H.S.C., 14.1% with intermediate qualifications, 11.2% of undergraduates and 32.0% of post-graduates considered performance feedback to be effective. As many as 40.0% of respondents with H.S.C. and 36.0% of undergraduates perceived the process not to be effective. The Chi-square test reveals that this is a statistically significant distribution.

#### 4.2.17. Qualification and Performance Monitoring

It is assumed that there may not be any relationship between the qualifications of the respondents and their perceptions of performance monitoring. The relevant data are cross-tabulated and presented in Table 18 below.

Qualification Group (in Degrees)	Performance Monitoring			Total
	Less	Moderate	More	
H.S.C.	77 (29.1%)	107 (40.4%)	81 (30.6%)	265 (100%)
Intermediate	16 (18.8%)	54 (63.5%)	15 (17.6%)	85 (100%)
Undergraduate	40 (32.0%)	52 (41.6%)	33 (26.4%)	125 (100%)
Post-Graduate	2 (8.0%)	14 (56.0%)	9 (36.0%)	25 (100%)
Total	135 (27.0%)	227 (45.4%)	138 (27.6%)	500 (100%)

**Table 18:** *Qualification and Performance Monitoring*; **source:** *Original Research* (note:  $\chi^2 = 20.262$ ;  $D.F = 6$ ;  $P = 0.002^{**}$ )

The results above again indicate differences in opinion about the efficacy of performance monitoring. Approximately equal numbers of respondents thought that it was not effective (27.0%) compared to those who thought it was (27.6%). Post-graduate respondents were

most likely to look at this process in a positive light (36.0%). The Chi-square test indicates that this is a statistically significant distribution.

#### 4.2.18. Qualification and Performance Training

It is assumed that there may not be any relationship between the qualifications of the respondents and their perceptions of performance training. The relevant data are cross-tabulated and presented in the table below.

Qualification Group (in Degrees)	Performance Training			Total
	Less	Moderate	More	
H.S.C.	105 (39.6%)	95 (35.8%)	65 (24.5%)	265 (100%)
Intermediate	23 (27.1%)	25 (29.4%)	37 (43.5%)	85 (100%)
Undergraduate	38 (30.4%)	38 (30.4%)	49 (39.2%)	125 (100%)
Post-Graduate	5 (20.0%)	7 (28.0%)	13 (52.0%)	25 (100%)
Total	171 (34.2%)	165 (33.0%)	164 (32.8%)	500 (100%)

**Table 19:** *Qualifications and Performance Training; source: Original Research (note:  $\chi^2 = 19.859$ ;  $D.F = 6$ ;  $P = 0.003^{**}$ )*

The results here again show differences in perception about the process considered, which in this case is performance training. More (34.2%) respondents overall think this is less effective than those (32.8%) who thought it was more effective. However, 52.0% of post-graduates, 39.2% of undergraduates and 43.5% of respondents with intermediate levels of qualifications took the more positive view in this regard. The Chi-square test here shows that there is a statistically significant relationship between the variables examined.

## **5. Discussion**

This study indicates that the PMS does follow a systematic process and is comprised of various components. The role and responsibility of the employees, raters and performance management committee are prescribed. The multi-rater appraisal system is there in order to minimize the rating error and maximizing employees' performance.

This study brought to light an important finding pertaining to employees working in different departments and their perceptions of the PMS of the company. The employees in production departments perceive PMS to be more effective than employees working in other departments. This seems to be due to the nature, role and function of those production departments. It also provides more scope for the production department employees to discuss, analyze and become involved in the different steps involved in the PMS employed by the company. The employees of the same department tend to have more experience and exposure in directly involving themselves in PMS activities.

The study reveals that, in terms of designation, managers perceive PMS more positively than do supervisors and workers. However, the supervisors have better perceptions about performance monitoring than managers and then the worker respondents. This may be because managers have a broader picture of the PMS, with more clarity and better understanding of the intricacy of different aspects of the PMS. The design, planning and implementation of these activities are mostly conducted by management and so it is understandable that they will have a more positive opinion of them.

It is found that post-graduate respondents had more positive perceptions of the PMS than those who were undergraduates or who had other levels of educational qualifications. In particular, they respond better to performance planning, appraisal, management, feedback, monitoring and training. Perhaps it is their greater level of

understanding of the PMS which enables them to identify better and link their performance with organizational performance overall. They have better understanding of the purpose of PMS in the company and the importance of training programmes being imparted in the context of performance improvement. Consequently, that there are statistically significant relationships between perceptions of PMS by respondents and their demographic characteristics is statistically indicated and logically established.

## **6. Implications**

The results are quite interesting from the context of PMS processes and employee backgrounds and their perceptions of the PMS. Firstly, with regard to the components of the PMS, performance planning, performance appraisal and performance feedback are particularly important. The appraisers should appraise and provide feedback to the employees neutrally, which would help not only in assessing the employee's performance, providing scope for their development but, also, helping in portraying the real picture of the organizational performance. Future research should attempt to understand more in-depth issues of PMS and such understanding would help pave the way towards organizational success by fulfilling expectations of all stakeholders.

Secondly, the importance and impact of PMS need to be imparted to the employees even from the beginning of the probation period. By doing this, it would enable new employees to understand different issues relating to PMS, their individual roles and responsibilities, communication mechanisms at the work place. It would also enable employees to become more involved with organizational goals and make congruent their expectations and contributions to those goals. Periodical assessment of difficulties relating to the level of understanding and various other issues relating to PMS that employees might have should also be effected.

## 7. Conclusion

A PMS should enable employees to plan their work, utilize their capabilities and maximize their contributions with commitment to the organization involved. In this study, the processes involved in the PMS and its components have been discussed. There exists an association between the personal background of the respondents and the PMS of the company which is statistically significant. There also exist perceptual variations among the employees about different dimensions of PMS according to the department, designation and level of qualifications. The managers have more positive perceptions of most of the dimensions of the PMS. Further research should bring to the surface some new insights concerning PMS that would enhance employee and organizational performance.

A PMS is important for all forms of organization. The achievement of the organization is in part the responsibility of the individual employees, as well as their supervisors and managers. The system should be developed and implemented in such a way that not only are performance targets achieved but it also provides scope for employee development.

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# **Perceived Full-Range Leadership of Principal and Academic Performance of Secondary School Students in Ogun State, Nigeria**

Olabanji Emmanuel Obadara

## **Abstract**

*This study adopted a Full Range Leadership model to examine the relationship between perceived styles of principals and the academic performance of secondary school students in Ogun State in Nigeria. The sample of 100 public secondary schools was spread over twenty Local Government Areas of the state, together with their 100 principals and the results of students in the Senior School Certificate Examination (SSCE) from the sample schools for the period of 2004-2009. The sample is drawn using a proportionate stratified random sampling technique. A modified version of the Multifactor Leadership Questionnaire (MLQ) (Bass & Avolio, 1995) was used with a reliability coefficient ( $r = 0.89$ ) and used to collect data for the study. The inferential statistics of multiple regression analysis and Pearson product moment correlation coefficients were used in analysis. Three null hypotheses generated for the study were tested at the 0.05 level of significance. The findings revealed that both transformational leadership and transactional leadership overall contributed to the prediction of students' academic performance. It also found significant relationships between the transformational leadership construct (intellectual stimulation), the transactional leadership construct (contingent reward) and students' academic performance, while there was no significant relationship between the transformation leadership construct (inspirational motivation), laissez-faire leadership and students' academic performance. It is, therefore, recommended, based on the above findings among others,*

*that the principals should encourage the use of innovative teaching methodology and teachers' discretion so as to increase student academic performance.*

**Keywords:** *full-range, leadership, leadership styles, students' academic performance, secondary school.*

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## **1. Introduction**

Leadership is present in almost all spheres of human organization. It is rare that an organization can function well without strong and effective leadership and schools are no exception. Leadership is a vital function in organizational settings since success in the group depends partly on the co-operation of members through the leader's influence and behaviour. It is the process of giving meaningful direction to collective effort. The extent to which the members of an organization are committed to the organizational goal(s), the extent to which teachers are ready to accept responsibility, exert extra efforts to the accomplishment of such educational goals or respond to the students and organizational needs is dependent on the leadership behaviour or styles adopted by the leader or chief executive. Leadership behaviour is so important that if the leadership style were ineffective, the provision of adequate educational resources would not yield good results or output.

The principal, according to Ebuta (1992), has overall responsibility for the administration and management of the school, ensuring good and balanced academic programmes, students and teachers' progress and discipline, proper supervision of work and effective leadership. Even when there are good educational plans, good school programmes, adequate staff and facilities, without a good administrative leadership

to co-ordinate all of these for the progress and success of the school, all would be in vain. For these reasons, the principal and the teachers are the most indispensable factors in the school system. No organization can rise above the quality of its leadership.

In light of the above, therefore, there is a need for high levels of co-operation between the chief executive and the teachers of the school system in order to achieve desired educational goals. There is no doubt that the extent of co-operation provided by teachers depends on the leadership styles, communication patterns and other characteristics of the principal's administration. The extent of teachers' co-operation with the school system reveals their levels of commitment to the accomplishment of school goals.

The formal education system in all countries of the world is segmented into cycles or levels - primary, secondary and higher. Within each level, there is intra-level transition, that is, movement from one class to another, for example, from primary one to two or from secondary school class two to three. There is also inter-level transition, which is the movement from primary to secondary school or from secondary school to higher institution. Secondary education is the second level of the Nigerian educational system and its broad objectives within the overall national objective are:

- (i) Preparation for useful living within the society and
- (ii) Preparation for higher education (FRN, 2004).

Of course, the performance of this level of education must be measured from the viewpoint of the above stated objectives. In line with this, the rate of successful secondary school graduates will be appropriate to measure the achievement of this level of education.

If leadership is a process of influencing other people or group members to work co-operatively, then knowledge of the effectiveness of different styles of leadership is a necessary tool for educational

administrators. The school principal should develop a style of leading or motivating subordinates, that is, the teachers, because they constitute a large and crucial input into the school system. However, some school administrators have failed to exercise their leadership role appropriately in controlling both students and teachers.

In the school system, the main task of teachers is to facilitate the process of learning and, in the cause of carrying out this function, the principal's leadership role is at the core. A leader should engage the followers such that there is mutual commitment to the shared purpose of building the best of organizations. It is claimed that followers can be motivated to give more of themselves such that, for instance, in schools:

“...teachers decide to exceed the limit of the traditional work relationship. Here they give more than can reasonably be expected and in return are provided with rewards and benefits that are of a different kind. In a sense, they are drawn to higher level of performance and commitment (Sergiovanni, 1997).”

The great responsibility of leaders is to draw upon the best motives of their subordinates and direct these towards the best interest of the organization. No school head can succeed without inspiring subordinates that is, teachers, to work harmoniously with the head. Achieving school goals can only be achieved by enlisting the good will and active co-operation of teachers.

## **2. Literature Review**

This paper adopts the Full-Range Leadership model to examine the relationship between perceived principals' leadership style and students' academic performance, with the aim of using its findings to

make useful recommendations for the improvement of secondary school students' academic performance.

## **2.1. The Full-Range Leadership Theoretical Framework**

Bass and Avolio (1991) developed a model of Full Range Leadership (FRL) behaviours. It is probably the most in-depth and extensively validated leadership model available in the world today. It is based on over 100 years of leadership research (Bass & Avolio, 1994, 1997). The FRL model comprises transformational, transactional and non-transactional constructs (otherwise known as laissez-faire leadership). The initial conceptualization of transformational and transactional leadership presented by Bass (1985) included seven components, with the inclusion of non-transactional leadership. Further, Bass (1988) noted that although charismatic and inspirational aspects of leadership were conceptually distinct constructs, they were not empirically distinguishable. Thus, a six-factor model was considered empirically more appropriate for measuring the constructs. Based on recent research, refinements to the FRL model have included several additional factors (Bass & Avolio, 1994). House, Spangler and Woycke (1991) provided evidence in their research that 'charisma' in the component could be conceptualized and measured as both attribute and behaviour. Hater and Bass (1988) also provided evidence that the construct of management-by-exception (MBE) could be divided into active and passive components.

Originally, the FRL model consists of four transformational leadership behaviours, namely: idealized influence (otherwise known as charisma); inspirational motivation, intellectual stimulation and individualized consideration; as well as two transactional leadership behaviours: contingent reward and MBE active and passive (MBE-A and MBE-P). Finally, there is non-transactional leadership or the laissez-faire approach. The FRL model proposes that certain characteristic outcome variables result from transformational and transactional leadership behaviours. Outcomes from transformational

and transactional leadership behaviours include the degree, to which the leader might elicit extra effort from his/her followers, leader effectiveness, and satisfaction with the leader (Bass & Avolio, 1991, 1994). While the third component of the full-range leadership model (*laissez-faire*) according to Walumbwa & Ojode (2000) is inappropriate for the instructional setting because of its single leadership dimension. The Multifactor Leadership Questionnaire (MLQ) is developed to measure the aforementioned components of the Full-Range Leadership Model and has been used as such in many studies. (Avolio & Bass, 1998; Bass, 1998; Bass, Avolio & Atwater, 1996; Hater & Bass, 1988; Bass & Avolio, 1991, 1994, 1995; House, Spangler & Woycke, 1991; Tejada, Scandura & Pillai, 1997).

Transformational leadership has been described as behaviour that transcends the need for rewards and appeals to the followers' higher order needs, inspiring them to act in the best interest of the organization rather than their own self-interest (Bass, 1998). Prominent leadership researchers, Avolio, Bass, & Jung (1999) feel that transformational leadership is a key in the continued success of organizations due to its promotion of team cohesion, organizational commitment, and higher levels of job satisfaction. Transformational leadership focuses on inspiring followers to set aside personal self-interest for betterment of the organization, in contrast to transactional leadership, which essentially focuses on an effort-reward exchange between the follower and leader.

According to the Full-Range Leadership model, transformational leadership style is positively associated with followers' motivation, satisfaction, willingness to exert extra effort to achieve organizational goals, and perception of leader effectiveness (Shamir *et al.*, 1998). Leaders who demonstrate transformational leadership behaviours provoke emotional response in followers (Druscat, 1994). They stimulate followers to change their beliefs, values, capabilities, and motives in order to raise performance beyond self-interest for the good of the organization (Bass, 1990; Tichy & Devenna, 1986). Also,

empirical evidence associates transformational leadership style with follower level of satisfaction and performance (Bycio, Hackett & Allen, 1995; Lowe, Kroeck & Swasubramaniam, 1996; Shamir, House & Arthur, 1993). For instance, Shamir, House & Arthur (1993) reviewed more than twenty (20) studies that found transformational leadership to be positively associated with followers' performances and perceptions. Lowe, Kroeck & Swasubramaniam (1996) also reviewed another thirty-five (35) empirical studies of transformational leadership and found transformational leadership to be positively correlated with followers' rated and objectively measured performance.

On the issue of change, it has been claimed that transformational leadership is critical to meeting educational challenges in a changing environment and Turan and Sny (1996) argue that strategic planning, like transformational leadership, is vision-driven planning for the future. Innovation, inclusion and conflict management have all been linked to transformational leadership behaviours. Berg & Slegers (1996) found that transformational school leadership plays a "particularly crucial" role in the development of the innovative capacities of schools. These studies support the contention that the main outcome of transformational leadership is the 'increased capacity of an organization to continuously improve' (Leithwood & Steinbach, 1991).

Transactional leadership behaviour emphasizes task structuring and its accomplishment and focuses on the exchange that takes place between a leader and followers (Bass, 1998). The "transactions" or relationship between the leader and follower are enhanced by a sequence of bargains (Den Hartog, Van Muijen & Koopman, 1997) and involves the use of incentives to influence effort as well as clarification of the work needed to obtain rewards (Bass, 1985). Fields and Herold (1997) note this when they described transactional leadership as a reward-driven behaviour, where the follower behaves in such a manner as to elicit rewards or support from the leader. This leadership style focuses

on follower motivation through (extrinsic) rewards or discipline. Consequently, leaders who adopt this style of leadership clarify kinds of rewards and punishment that followers expect for various behaviours (Bass, 1998). Leader and subordinate could be viewed as bargaining agents whose relative power regulates an exchange process as benefits are issued and received. Thus, a follower may follow a leader so long as that leader is perceived to be in position to “deliver” some important needs. Unlike transformational leadership, in this transactional relationship, the leader makes no particular effort to change followers’ values or involve them in a process by which they internalize organizational values. Leaders may actively monitor deviations from standards to identify mistakes and errors – MBE-A, or they may wait (passively) for subordinates to err before initiating corrective action – MBE-P (Bass, 1985).

According to Bass (1985), Hater & Bass (1988), Avolio & Bass (1998), and Avolio & Bass (2002), transactional leadership theory is derived from the expectancy theory of leadership and the path-goal theory of leadership. It is based on a rational model that is compatible with the expectancy theory that underlies traditional thinking (Comer *et al.*, 1995). Followers are motivated to follow – to do whatever is required of them by the leader – if they are in position to satisfy their own dominant needs. Similarly, expectancy theory assumes that people are motivated – will see a reason to follow – if there exists a perceived expectation that their efforts will lead to positive job outcome and, finally positive rewards. Transactional leadership is based on the notion of a social exchange; leaders control followers’ behaviours by imposing authority and power on the one hand and satisfying followers’ needs on the other. That is, leaders offer organizational resources in exchange for followers’ compliance and responsiveness. This leadership style is similar to ‘carrot’ and ‘stick’ motivational strategy. The contingent reward or reinforcement dimension of transactional leadership is based on the assumption that reward is the overriding principle for effective performance. Followers’ needs are identified and then linked to both what the leader

wants to achieve and the rewards associated with the effort of the follower.

Management-by-exception is the behaviour that avoids giving directions where current methods work and performance goals are met. This behaviour can be divided further into active and passive components as earlier stated. Management-by-exception (active) refers to a leadership style where performance is actively monitored for errors, while management-by-exception (passive) describes the leader as waiting to learn of such errors. In both instances, the leader punishes individuals for their failure to reach an expected level of performance (Tejeda, Scandura & Pillai, 1997). In other words, active management-by-exception represents a style where leaders take an active role by continuously monitoring followers' performance to avoid any possible error that might emerge. While passive management-by-exception characterizes leaders who intervene and take action only after the occurrence of a problem (Yammarino, Spangler & Bass, 1993). Although management-by-exception may provide opportunity for teacher and student initiative and pro-action, the emphasis on correction that focuses on negative variance or error may be counteractive.

The non-transactional (*laissez-faire*) leadership, the third leadership style or component of the model (Full-Range Leadership) indicates an absence of leadership or the avoidance of intervention or both (Hater & Bass, 1988). Research shows that leaders using this style of leadership are rarely viewed as effective on the job.

## **2.2. Research Hypotheses**

The following null hypotheses were formulated and tested in the course of this study to find answers to the problems under investigation.

Ho<sub>1</sub>: There is no significant relationship between transformational leadership style (idealized influence, inspirational motivation, intellectual stimulation, individualized consideration) and students' academic performance.

Ho<sub>2</sub>: There is no significant relationship between transactional leadership style (contingent reward, management-by-exception) and students' academic performance.

Ho<sub>3</sub>: There is no significant relationship between laissez-faire leadership style and students' academic performance

### **3. Methodology**

A descriptive survey design was used for the study. A sample of 100 secondary schools was chosen from a total of 259 in Ogun State, while 1,000 of 5,969 teachers were selected and 100 out of 259 principals. A proportionate stratified random sampling approach was used to design and draw this sample. Also, the results of 82,882 students in the Senior School Certificate Examination conducted by the West African Examination Council (WAEC) for the period of 2004-2009, from the sampled secondary schools were incorporated into the study.

The study developed and used a modified version of the Multifactor Leadership Questionnaire (MLQ) (Bass & Avolio, 1995) with a correlation coefficient  $r = 0.81$  for the measurement of full-range leadership. The questionnaire was developed using two rating forms: the self-rating form for the principals and the rater form for their teachers. This is to eliminate one source of bias that has been the case in previous studies using the MLQ, where only raters (here teachers) participated in the rating.

The study used multiple regression analysis and Pearson product moment correlation tests for the analysis. The null hypotheses formulated for the study were tested at the 0.05 level of significance.

## **4. Results and Discussion**

The results of the study are presented according to the hypotheses generated and described previously and in two sections so as to reflect the analysis of both principals' self rating and the teachers' rating of their principals' leadership styles.

### **4.1. The Transformational Leadership and Students' Academic Performance**

Ho<sub>1</sub>: There is no significant relationship between transformational leadership style and students' academic performance.

Regression analysis of the variables for transformational leadership style revealed a statistically significant result with an adjusted R<sup>2</sup> of 0.499. The analysis shows a coefficient of multiple regression (R) of 0.712 of transformational leadership style on students' academic performance according to the principals' self-rating of their leadership style. It shows the multiple regression square (R<sup>2</sup>) of 0.507 and multiple regression square (R<sup>2</sup>) of 0.499 (adjusted). This means that about 50.7% of the variance in the schools' academic performance is explained by principals' transformational leadership style (overall). The observed F-ratio is 13.015 (significant at the 0.05 level). Owing to this result, the null hypothesis, which states that is rejected and the alternate hypothesis is supported. This significant F-value is an indication that the combination of all the transformational leadership constructs/subscales in contributing to students' academic performance could not have occurred by chance.

Variable	Unstandardized Coefficients		Standardized Coefficients		Significance
	B	Standard Error	Beta	t	
Idealised influence	0.802	0.154	0.197	5.223	0.000**
Inspirational motivation	2.983E-02	0.148	0.007	0.202	0.840
Intellectual stimulation	0.852	0.140	0.225	6.093	0.000**
Individualised consideration	0.236	0.126	0.065	1.874	0.061
(Constant)	9.640	3.370		2.860	0.004**

**Table 1:** *Parameter Estimate of Transformational Leadership Style on Students' Academic Performance (Principals' Self Rating); source: Original Research (note: \* = significant at  $p < 0.05$  and \*\* = significant at  $p < 0.01$ ).*

Table 1 shows the relative contribution of each transformational leadership style construct to the prediction of students' academic performance through the principals' self-rating of their leadership style. It is evident that the standardized regression weight associated with the constructs reveals that only two of the transformational leadership factors (i.e. idealized influence ( $\beta = 0.197$ ) and intellectual stimulation ( $\beta = 0.225$ )) contributed significantly to students' academic performance. The values of the standardized regression weights associated with these factors indicate that intellectual stimulation is the most potent contributor to the prediction of students' academic performance, followed by idealized influence. The remaining two characteristics of transformational leadership style (i.e. inspirational motivation ( $\beta = 0.007$ ) and individualized consideration ( $\beta = 0.065$ )) individually had no significant contributions to students' academic performance.

In terms of teachers' ratings with the regression analysis of the transformational style on students' academic achievement (which relates to hypothesis 2), a multiple correlation (R) of 0.454 was observed, together with a multiple regression square ( $R^2$ ) of 0.206 and multiple regression square ( $R^2$ ) of 0.201 (adjusted). The observed F-

ratio is 2.720 (significant at the 0.05 level) and this means that about 20.6% of the variance in the students' academic performance is accounted for by principals' transformational leadership style (overall). The F-value of 2.720 observed shows that the multiple correlation obtained between transformational leadership style and students' academic performance is not by chance. This indicates that the transformational leadership style, when all its subscales are taken together, significantly contributed to students' academic performance.

Variable	Unstandardized Coefficients		Standardized Coefficients		t	Significance
	B	Standard Error	Beta			
Idealised influence	2.684E-02	0.120	-0.008		-0.220	0.826
Inspirational motivation	2.042E-02	0.145	0.005		-0.141	0.888
Intellectual stimulation	0.398	0.139	0.104		2.860	0.004**
Individualised consideration	0.263	0.117	0.080		2.243	0.025*
(Constant)	12.103	2.903			4.169	0.000**

**Table 2:** Parameter Estimate of Transformational Leadership Style on Students' Academic Performance (Teachers' Rating); **source:** *Original Research* (note: \* = significant at  $p < 0.05$  and \*\* = significant at  $p < 0.01$ ).

Table 2 shows the relative contribution of each factor of the transformational leadership style to the prediction of students' academic performance through the teachers' perception of their principals' leadership style. As indicated in these results, the standardized regression weights associated with the factors reveal that only intellectual stimulation ( $\beta = 0.104$ ) and individualized consideration ( $\beta = 0.080$ ) contributed significantly to the students' academic performance. The values of the standardized regression weights associated with these factors indicate that intellectual stimulation is the more potent contributor to the prediction of students' academic performance followed by individualized

consideration. Meanwhile, the transformational factors idealized influence ( $\beta = -0.008$ ) and inspirational motivation ( $\beta = .005$ ) made no significant contribution to schools' academic performance.

## 4.2. Transactional Leadership Style and Students' Academic Performance

Ho<sub>2</sub>: There is no significant relationship between transactional leadership style and students' academic performance.

In considering the impact of the transactional leadership style on students' academic achievement, based on principals' self rating, results show a multiple regression square ( $R^2$ ) of 0.638 and multiple regression square ( $R^2$ ) of 0.619 (adjusted). The observed F-ratio is 49.033 (significant at the 0.05 level) and this indicates that about 63.8% of the variance in the students' academic performance is explained by the principals' transactional leadership style (overall). The observed F-value shows that the multiple correlation obtained between transactional leadership style (overall) and students' academic performance is not by chance. Consequent to this significant F-value, the null hypothesis is rejected and the alternate hypothesis supported. This indicates that the transactional leadership style, when all its constructs are taken together, significantly contributed to students' academic performance.

Variable	Unstandardized Coefficients		Standardized Coefficients		t	Significance
	B	Standard Error	Beta			
Contingent reward	1.820	0.189	0.324		9.631	0.000**
Management-by-exception	1.209	0.192	0.212		6.298	0.000**
(Constant)	3.703	2.548			1.453	0.146

**Table 3:** *Parameter Estimate of Transactional Leadership Style on Students' Academic Performance (Principals' Self Rating); source: Original Research (note: \* = significant at  $p < 0.05$  and \*\* = significant at  $p < 0.01$ ).*

Table 3 shows the relative contribution of each factor of the transactional leadership style to students' academic performance through the principals' self-rating of their leadership style. As shown, the standardized regression weights associated with the factors indicate that the two factors of transactional leadership style (i.e. contingent reward ( $\beta = 0.324$ ) and management-by-exception (active and passive) ( $\beta = 0.212$ )) each contributed significantly to students' academic performance. The values of the standardized regression weights associated with these factors indicate that contingent reward is the most potent contributor to the prediction of students' academic performance followed by management-by-exception.

When teachers' ratings are used for the same testing frame, a multiple correlation ( $R$ ) of 0.501, multiple regression square ( $R^2$ ) of .251 and multiple regression square ( $R^2$ ) of 0.238 (adjusted) have been observed. The observed F-ratio is 5.107 (significant at the 0.05 level) and this indicates that about 25.1% of the variance in the students' academic performance is explained by the principals' transactional leadership style (overall). The observed F-value shows that the multiple correlation obtained between the transactional leadership style and students' academic performance is not by chance. This indicates that the transactional leadership style, when its two constructs are taken together, significantly contributed to students' academic performance.

Variable	Unstandardized Coefficients		Standardized Coefficients		t	Significance
	B	Standard Error	Beta			
Contingent reward	0.551	0.173	0.115		3.194	0.001**
Management-by-exception	0.298	0.202	0.053		1.475	0.140
(Constant)	17.420	2.424			7.187	0.000**

**Table 3:** *Parameter Estimate of Transactional Leadership Style on Students' Academic Performance (Teachers' Rating); source: Original Research (note: \* = significant at  $p < 0.05$  and \*\* = significant at  $p < 0.01$ ).*

Table 4 shows the relative contribution of each construct of the transactional leadership style to students' academic performance through the teachers' perceptions of their principals' leadership style. The standardized regression weights of these constructs reveal that only one of the two transactional leadership constructs (i.e., contingent reward ( $\beta = 0.115$ )) contributed significantly to students' academic performance, while management-by-exception (active and passive) ( $\beta = 0.053$ ) did not. The values of the standardized regression weights associated with these constructs indicate that contingent reward is the only contributor to the prediction of students' academic performance.

### 4.3. Laissez-Fire Leadership Style and Students' Academic Performance

H<sub>03</sub>: There is no significant relationship between the laissez-faire leadership style and students' academic performance.

The next analysis concerned the relationship between the laissez-faire leadership style and students' academic performance using principals' self-rating of their leadership style. Results show a correlation coefficient ( $r$ ) of -0.053, which is not significant at the 0.05 level. This negative  $r$ - value indicates that there is an inverse relationship between the laissez-faire leadership style and students' academic performance. Hence, the null hypothesis cannot be rejected in this case.

Variable	n	$\bar{x}$	Standard Deviation	r	Significance
Academic performance	1,000	13.79	9.28	-0.003	0.914
Laissez-Faire	1,000	8.04	2.91		

**Table 5:** Relationship Between the Laissez-faire Leadership Style and Students' Academic Performance (Teachers' Rating); Original Research (note: \* = significant at  $p < 0.05$  and \*\* = significant at  $p < 0.01$ ).

Table 5 shows the relationship between the laissez-faire leadership style and students' academic performance using teachers' rating of their principals' leadership style. The results reveal a correlation coefficient ( $r$ ) of -0.003, which is not significant at the 0.05 level. This negative  $r$ -value indicates that there is an inverse relationship between the laissez-faire leadership style and students' academic performance. Consequent to this, the null hypothesis is not rejected.

## **5. Discussion**

The first null hypothesis proposed that there is no significant relationship between the transformational leadership style and students' academic performance. The result of the analysis of this hypothesis through both principals' and teachers' perceptions of the principals' leadership style showed that there was a significant relationship between the overall transformational leadership style and students' academic performance. That is, the combination of all the transformational leadership factors or constructs significantly contributed to students' academic performance. However, when these factors or constructs are considered individually, only two of these transformational factors, that is, idealized influence, the leadership attribute that enables a leader to instill pride, faith and respect in followers and cause them to identify and emulate their leaders (charisma) and intellectual stimulation, the quality of leadership that facilitates followers in new ways of problem-solving through proactive thinking, contributed positively and significantly to students' academic performance. Meanwhile, the other two factors of this leadership style, inspirational motivation, which represents behaviour that provides symbols and simplified emotional appeals and individualized consideration, the leadership quality that makes the leader delegates assignments, stimulates and coaches followers on an individual basis, did not significantly contribute to students' academic performance, using principals' self rating of their leadership style.

On the other hand, with the use of teachers' rating of their principals' leadership style, the result of the analysis showed that intellectual stimulation and individualized consideration constructs of transformational leadership style significantly contributed to schools' academic performance, although idealized influence and inspirational motivation did not significantly contribute to schools' academic performance. The findings of the present study regarding the overall transformational leadership factor is supported and consistent with that of Shamir *et al.* (1998), who found that transformational leadership is positively associated with satisfaction, willingness to put extra effort in to work and perception of leadership effectiveness, which consequently enhance schools' academic performance. This present result also corroborates Bass (1988), who observed that transformational leadership could compel followers to be creative and productive. Leaders who demonstrate transformational leadership behaviours stimulate followers to change their beliefs, values, capabilities and motives in order to raise performance beyond self-interest for the good of the organization (Bass, 1985, 1990, 1998; Tichy & Devenna, 1986; Burke, 1986).

The transformational constructs that are perceived by both principals and teachers in this study as factors contributing to students' academic performance are the characteristics that were discovered by researchers such as Liethwood and Jantzi (1990) and Bycio *et al.* (1995), as instrumental in the development of a positive school culture, the success of school-restructuring and the increased role of teachers in the problem-solving and decision-making processes, which undoubtedly enhance students' academic performance. The only area of contradiction with the results of the present study is that while those studies perceived intellectual stimulation as the only transformational construct that was not significant, this present study identified only inspirational motivation as not significantly related to students' academic performance. The presence of factors such as idealized influence, intellectual stimulation and individualized consideration combined with absence of the factor inspirational

motivation imply that leadership in the schools studied supports a strong sense of mission and commitment to the vision, inspires followers to possess high moral standards and sense of purpose. It also provides encouragement for subordinates on an individual basis and support innovation and creativity among followers in accomplishing educational goals.

Further, the transformational construct intellectual stimulation was perceived by both ratings (principals and teachers) as significantly contributing to students' academic performance. This result buttresses Lowe *et al.* (1996:415), who also claimed that the "... leader who is able to intellectually stimulate subordinates will not only foster the perceptions of effectiveness among subordinates, but will also amplify performance itself as gauged by independent measures of productivity." The transformational leadership behaviours resulted in extra effort from workers, higher productivity, higher morale and satisfaction, higher organizational effectiveness, lower turnover, lower absenteeism and greater organizational adaptability to change in the environment (Bass & Avolio, 1994).

The second null hypothesis was tested to establish a multiple correlation (R) of the transactional leadership style with students' academic performance. The result of the analysis of both principals' self-rating and their teachers' perceptions of the leadership style of the principals showed that the overall transactional leadership style was positively and significantly related to students' academic performance. This implies that, when taking the two constructs of this style together, they significantly contributed to students' academic performance. This result is in agreement with Rosener (1990) and Davidson and Ferrario (1992), who claimed that the transactional leadership style was positively and significantly correlated with student achievement and the realization of institutional goals. This finding of the present study also contrasts with results of some earlier studies. Avolio and Bass (1998), Sergiovanni (1990) and Leithwood and Steinbach (1991) all concluded that transactional leadership was

not as strongly related to school performance and school restructuring outcomes and processes, as was the transformational leadership style. Also, Stone (1992) linked the transactional leadership style to lower-order managerial objectives and the transformational leadership style to satisfaction and productivity among members of teaching staff.

Having analysed the relative contribution of each construct of the transactional leadership style to students' academic performance, the result through principals' self-rating revealed that both contingent reward, which is the leadership behaviour that provides rewards for contracts completed and the management-by-exception (active and passive) constructs of the transactional leadership style each significantly contributed to students' academic performance. The management-by-exception is the leadership behaviour that avoids giving directions when current methods work and performance goals are met. Active refers to a leadership style where performance is actively monitored for errors and passive describes the leader as waiting to learn of such errors. While the result of the analysis made through teachers' rating of their principals' leadership style indicated that only contingent reward construct of the style significantly contributed to students' academic performance, the management-by-exception (active and passive) (MBE-A and MBE-P) construct did not. It should be noted that this study combined MBE-A and MBE-P in both the measurement and the analysis of the result in order to suit the purpose of this study. This result supports Silins (1994) and contradicts Stone (1992), Sergiovanni (1990) and Leithwood and Steinbach (1991).

Null hypothesis three stated that there is no significant relationship between the laissez-faire leadership style and students' academic performance. The result of the analysis for both principals' self-rating and teachers' rating of the principals' leadership style revealed that the laissez-faire leadership style was inversely but not significantly related to students' academic performance. This implies that the more the laissez-faire leadership style is being established in the secondary

schools, the lower the students' academic performance. Of course, this is the real situation with the laissez-faire leadership because it cannot inspire the accomplishment of schools' goals. The laissez-faire approach indicates an absence of leadership or the avoidance of intervention or both (Avolio & Bass, 1998, 2002; Bass, 1985; Hater & Bass, 1988). This result is consistent with Walumbwa and Ojode (2000), who stated that laissez-faire is inappropriate for the institutional setting because of its single leadership dimension. Avolio and Bass (2002) also saw it as the most inactive and generally least effective of the leadership behaviours. The result of this present study regarding the laissez-faire leadership style might also be the reflection of the fact that only a very limited number of principals in the sample were considered to follow this approach.

## **6. Conclusion**

The result of this study shows that transformation leadership and transactional leadership overall contributed to the improvement of students' academic performance. Both principals' and teachers' ratings found significant relationships between the transformation leadership construct (intellectual stimulation), the transactional leadership construct (contingent reward) and students' academic performance and no significant relationship between transformational leadership construct (inspirational motivation) and students' academic performance. Lastly, there is no significant relationship between laissez-faire leadership style and students' academic performance.

## **7. Recommendations**

Based on the above findings, it is recommended that the principals should structure work for their teachers such that they could realise their ability to become more involved with creative achievement. The principals should encourage the use of innovative teaching methodologies and license teachers' discretion so as to increase students' academic performance. Finally, the principals should direct

their attention and potential solutions towards teachers' capabilities and limitations.

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# Adoption of Internet Banking in India: Issues and Concerns

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## Abstract

*The development of internet banking is a significant step forward for the Indian banking industry. The initiatives of non-traditional banking in terms of infrastructure and technology are growing more quickly than for those companies with traditional banking options. The integration of banking services has been a significant contribution to the Indian banking industry but there are many concerns which require serious attention. There are consumers who are not comfortable with internet banking and their concerns too should be addressed. This study attempts to understand the concerns of customers which negatively affect the willingness to adopt internet banking services. Issues raised by the research include lower frequency of usage of internet banking services, safety and security and connectivity issues.*

**Keywords:** *Connectivity, Infrastructure, Technology, Traditional Banking*

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## **1. Introduction**

Indian banks have increased their level of internet service provision considerably in recent years. Perhaps not unsurprisingly, though, consumers are showing some concern about their potential usage of internet banking. The benefits of internet banking are still to be communicated to consumers, who remain alarmed in some cases about the safety issues concerned. However, the benefits are clear since internet banking eliminates the long hours and wasted time involved with queuing at a bank and the sometimes questionable service received. Paying bills and taking care of other financial matters, such as monthly payments or cash withdrawals is now easier than ever. Internet banking is not very old and it only really became popular in the year 2000. In fact, millions of people are switching to online banking each year as the services and products become more attractive, cheaper and more secure. The early history of internet banking showed that customers had only limited control over their accounts. However, today, a few clicks of the mouse will enable an account-holder to transfer money, pay bills and change direct debit details, among other services. Moving money in and out of an account is easier than ever and standing orders can be created in a flash. Most financial analysts believe that internet banking is a method that will come to dominate the market in the near future. More and more banks are developing virtual offices for their customers and some are even creating virtual help desk personnel and clerks to greet their online visitors.

There are also several advantages for customers that internet banking can offer which traditional banking is not yet offering. Better rates of interest, for example, are generally offered by banks that are hoping to attract more clients to their online systems. Existing accounts also receive better rates and, today, four of the five best-paying current accounts come from banks that operate primarily online. The main reason for this is that the overhead is reduced, since the institution is able to implement an automated system. Reduced need for renting

space and hiring staff also helps transfer some of the costs of internet banking to the clients, thus reducing interest rates and offering better deals. Of course, the biggest fear with internet banking regards security problems. The reasons for non-adoption have been collected through a literature review and a few have been suggested as the result of consultation with experts. The concerns shown in the questionnaire subsequently developed are internet connectivity, safety and security, remembering identification details and others.

## **2. Literature Review**

Internet banking (IB) is a cause for concern for a majority of the offline banks who should nevertheless be ready for unprecedented competition from the non-traditional banking institutions that offer banking and financial services over the Internet (Rajgopalan, 2001). Customer satisfaction, customer retention and new customer acquisition are the key factors in Internet banking system (Khan, Mahapatra & Sreekumar, 2009). Safeena, Date and Kammani (2011) state that information technology services are considered as being a key driver for the changes taking place around the world. This study determines the factors influencing the consumer's adoption of internet banking in India and, hence, investigates the influence of perceived usefulness, perceived ease of use and perceived risk on use of IB. It is an essential part of a bank's strategy formulation process in an emerging economy like India. In the U.S.A., IB is relatively well-developed with a fairly large number of transactional websites and business volumes. However, the large banks are more dominant than the small banks in offering IB services. It has been found that e-banks are more profitable than non e-banks but this phenomenon cannot be generalized as such. The growth is significant but not sufficient. This is probably because of lack of value added proposition that banks offer to customers. There are significant differences between the experiences of IB adopters and non-adopters in terms of being easier to operate, convenient, no hassle, reliable, safer to use and having good internet connections (Munuswamy & Abbanullah, 2012). In

Europe, IB is growing gradually and most of the prominent banks offer IB services. Swedish and Finnish markets are among the international market leaders in terms of internet penetration and in the range and quality of the online services offered there. IB started slowly in Australia but now is picking up very fast. In New Zealand, the major banks offer IB services to customers and operate as a division of the bank rather than as a separate legal entity. The Reserve Bank of New Zealand applies a uniform approach to the regulation of both IB activities and traditional banking activities. Banks in Japan are increasingly focusing on e-banking transactions with customers overall and IB is seen as being an important component part of that strategy. Based on their experiences in their home countries, foreign banks are trying hard to capture the market through innovation and high quality. However, these banks will need to restructure their business models so that they are suitable for Indian conditions (Gupta, 2008).

Factor	Name of the Factor	Factor Loading
Factor 1	Cost	3.255
Factor 2	Reliability	2.462
Factor 3	Processing Barriers	1.982
Factor 4	Security Issues	2.563
Factor 5	Technological Inconvenience	3.000
Factor 6	Lack of Infrastructure	1.588
Factor 7	Conventional Approach	2.185
Factor 8	Risk	0.77
Factor 9	Resistance	0.617

**Table 1:** *Barriers to Adoption of Internet Banking in India; source: Adapted from Singh, 2013*

Deutsche Bank AG (Gupta, 2008) research indicates that “speed” is an important driver of IB. A GVU (*ibid.*) study, meanwhile, indicates

that security is an important factor for opening an internet bank account followed by convenience (83.1%), availability of a good variety of features and services (77.1%), attractive interest rates and services charges (74.5%), quick service (72.0%), familiarity with the bank name and image (68.3%), the actual bank location (42.2%), the size of the bank in terms of assets (39.4%) and having integrated value-added services from other on-line services and resources (30.2%). The results indicate deviations in the context of Indian consumers. A factorial analysis of banking services reveals that the banking services must prioritize and optimize a group of variables consisting of speed, safety, trust, confidentiality and accuracy (*ibid.*).

The IB channel is both an informative and a transactional medium. However, the rate of adoption of internet banking has been quite low in India (Ravi, Mahil & Vidya Sagar, 2007). It appears that the majority of IB users in India is male, as might be expected.

### **3. Methodology**

#### **3.1. Research Objectives**

The broad objective of the present study was to identify the major concerns inhibiting adoption of IB in India among a sample of respondents and to explore ways and means of addressing these concerns.

#### **3.2. Research Hypothesis**

The research hypothesis tested in this paper is as follows:

*H<sub>0</sub>: Concerns have no significant impact on the adoption of IB*

*H<sub>1</sub>: Concerns have significant impact on the adoption of IB*

### 3.3. Data Collection

A researcher controlled sample of 400 bank customers was taken from the Delhi NCR (National Capital Region). Data was analyzed using SPSS 18.

A questionnaire had previously been developed on the basis of literature review and the opinions of some experts. The various items related to *concerns* had been previously identified from relevant literature. The questionnaire also included a section to measure the demographic characteristics of our respondents. Correlation analysis was used to help to identify the relationship between the factors inhibiting the adoption of IB and the awareness of IB. Multiple regression will be used to determine the impact of the various concerns identified on the usage of IB.

## 4. Findings

The findings of the research are presented in this section. In terms of demographic characteristics, 32.8% of the sample was less than 30 years old, 39.0% between 30-35 years, 27.0% between 35-40 years and the remaining 1.3% over 40 years (n = 400 for all demographic characteristics). In terms of education, 27.0% had lower than undergraduate level, 53.5% had an undergraduate degree, 19.0% had a post-graduate degree and 0.5% other. In line with the point made previously about gender, 84.0% of respondents were male and the remaining 16.0% female.

A correlation test between awareness of IB and factors inhibiting use of IB revealed a weak, negative result that was not statistically significant. The regression model statistics were also inconclusive, with an adjusted r square of 0.066. However, ANOVA analysis revealed this to be a highly significant distribution (0.000\*\*) for the dependent variable given a chance would use IB with predictors of safety and security, awareness, speed, ease of use, physical presence,

comfort and satisfaction. Table 1 below displays the relevant statistics:

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Significance
	B	Std. Error			
(Constant)	1.503	0.101		14.832	0.000**
Speed	-0.013	0.012	-0.067	-1.132	0.258
Comfort	-0.025	0.012	-0.135	-2.134	0.033*
Awareness	0.029	0.011	0.162	2.582	0.010**
Satisfaction	-0.046	0.011	-0.263	-4.140	0.000**
Ease of Use	0.004	0.011	0.022	.377	0.706
Physical Presence	-0.023	0.011	-0.126	-2.149	0.032*
Safety and Security	0.020	0.010	0.111	1.951	0.052

**Table 1:** *Coefficients for Dependent Variable ‘Would Use IB If Given a Chance;’ source: Original Research (n = 400)*

Based on these results, it is adjudged that the null hypothesis can be rejected and the alternate hypothesis accepted, that is that the concerns identified do have an impact on the adoption of IB.

The analysis indicates that if the factors of concerns inhibiting the adoption of IB increase, then the awareness of IB will decrease to a slight extent. The banks should, therefore, work on reducing the concerns about IB. The issues which make a significant impact are awareness of technology, comfort, satisfaction, physical presence and safety and security. Out of these, awareness and safety and security will bring about positive changes in usage of IB. This is evident from the beta coefficient values. The factors of concern of physical

presence, comfort and satisfaction are negatively associated with usage of IB. The banks should work on these two major concerns, awareness and safety and security as this may bring increase in the usage of IB. The issues of comfort, satisfaction and physical presence have negative impacts on intentions of usage of IB. These results are not very unexpected given that IB is at a comparatively early stage of its product lifecycle in a marketplace that does not routinely offer high levels of trust from consumers, especially given a history of poor service in the sector in the past. However, there are opportunities for improvement in the marketing offerings given these results.

## **5. Conclusion**

The banks can focus on strategic consumer groups to maximize their revenues from IB. The experiences of companies in other international economies suggest that banks cannot avoid the IB phenomenon but, to gain a competitive advantage, they should structure their business models to suit Indian conditions. It is, therefore, concluded that concerns have a significant impact on the adoption of IB by customers.

The research has the limitation that the findings are restricted to the judgments of customers in the Delhi NCR. This study can be made more comprehensive using pan-Indian data. It is hoped that further research can be conducted in this area to understand consumer behaviour in this area more deeply and to make comparisons with consumers in other countries.

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# Can Facebook Be an Alternative Medium for Marketing to Young Bangladeshis?

S. M. Arifuzzaman and Prodduth Chatterjee

## Abstract

*Facebook, the buzz of the decade, is having a pervasive impact on human life. From social networking to gaming, marketing, information searching and communications, everything is possible in or through Facebook. This provokes the following research questions: what impacts does Facebook have, particularly in the case of marketing? Consequently, there is a need to explore how the wave of change triggered by Facebook has affected young people in Bangladesh. This study mainly identifies the popularity of Facebook, impacts of Facebook advertisements on consumers and the effectiveness of brand fan pages on Facebook. A sample of 650 students from Khulna region of Bangladesh has been taken for this study, who have been obtained through a convenience sampling method. Both secondary and primary data have been used for the study. The secondary data has been used for construct development and developing the conceptual framework. The primary data has been collected using direct interviews with structured, close-ended questionnaires and have been analyzed through statistical tools such as comparing means and one sample t-test. The results of this study indicate that the emergence of Facebook offers an important new opportunity for marketers targeting young people in different ways.*

**Key Words:** Facebook, market communications, social media, social media marketing, young Bangladeshis

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## 1. Introduction

The world seems to be getting smaller as technology annihilates time and space separating people by linking together people from around the world and bringing more people close to each other through various media. One of the most important technologies to have emerged in recent decades is the World Wide Web or internet, which has a pervasive impact on people, businesses, communications and society as a whole. Social networking has also been reinvigorated through the power of the internet. The number of internet-based social networking sites has increased dramatically because of the ease of access and the large user bases now being offered. However, of all the many internet-based social networking sites and services, Facebook has become the most popular one. In 2004, it started out as a Harvard-only social network and then rapidly expanded to other universities, then secondary schools, businesses and then to almost everyone. In 2008, Facebook became the most popular social networking site, surpassing MySpace and all others. In 2015, nearly 11 years after its beginning, Facebook reached one billion registered accounts and it continues to grow in terms of popularity and size. The wave of Facebook's phenomenal popularity is also rapidly infecting the people of Bangladesh, especially the younger generations. The Government's ambitious vision to turn Bangladesh into a digital country by easy access to technology access has intensified this process. Facebook now has already reached a significant proportion of the population and levels of penetration are particularly among young sectors. With the liberalization of 3<sup>rd</sup> generation (3G) and 4<sup>th</sup> generation (4G) mobile telecommunications technologies and the adoption of smart phones, the people of Bangladesh have more and better internet access than ever before. By September 2014, the number of internet users was 42.3 million (BTRC, 2014). The young people of Bangladesh routinely surf and use various websites extensively to meet their different daily online needs. Social networking is certainly shifting online because of the greater reach and easier access thereby enabled. It is now argued that any form or instance of communication is now incomplete if it

lacks a Facebook component (Zarrella, 2010). Large numbers of Facebook users in Bangladesh are students of universities and colleges. People use it as an alternative to the telephone and other communication media, for communicating with people locally as well as globally, to share their personal views, opinions and life events. Usage is not limited to social networking only but gaming, information sharing, opinion building, communicating and even marketing have become very common phenomena for the platform. The apparently ubiquitous presence of the platform means that now most forms or corporations of any size have their own brand or fan pages which may be managed by dedicated employees. Moreover, as a market communication medium it has some advantages over traditional media, for example it is a form of two-way or interactive communication, precise targeting, greater credibility, greater chance not to be ignored or skipped, more interesting use of rich media contents and ability to be more personal (Shih, 2009; Jothi, Neelamalar & Prasad, 2011).

On the other side of the coin, traditional media such as newspapers, radio and television have been losing their appeal to their audience bases in recent years. In particular, radio advertisements and print media are losing their effectiveness as media consumption becomes a convergent, web-based experience (Zarrella, 2010). Besides, overuse of advertisements on television has led to people avoiding them completely by using different viewing methods and practices. Traditional media and marketing models are facing immense challenges from new approaches which are particularly quickly accepted by younger consumers. As a part of social media marketing, Facebook is proving to be a less costly, more attractive, more effective mode of advertisement and has a larger, often more engaged audience than those of old and traditional media. Facebook Advertisement is a powerful advertising platform and it provides marketers with innovative ways to use advertisements more effectively. Sometimes, users voluntarily provide their personal information and also actively select targeted advertising by “liking” advertisements or allowing

Facebook to share their data with selected external sites (which they may not always appreciate). Facebook is an interesting tool for the marketers because of generally low click-through rates, sophisticated targeting opinions and easy integration with applications and pages. This study aims at assessing customers' perception of Facebook as an alternative medium for marketing. The study also aims at finding answers to some specific queries such as Facebook popularity, usage habit (access frequency), as well as exploring whether people spend more time consuming Facebook than traditional media, evaluating the impact of Facebook advertisements of new brands and existing brands on customer's purchasing decisions and finally, exploring the impact of brand fan pages in developing brand awareness and loyalty.

## **2. Literature Review and Conceptual Framework**

The participatory web experience, including social networking sites such as Facebook and content-sharing sites such as YouTube and Flickr, allows individuals to establish or maintain connections with others, establish their social networks and share information in the form of wikis, blogs, tweets, podcasts, video and RSS (Really Simple Syndication) feeds (McCarthy, 2010). People join social networking sites perhaps because of the desire to belong, to create and share photos or videos, meet old or new friends, join interesting groups, create personal style, obtain advice, share information and help others (Silverthorne, 2009; Freedom88, 2012; Pehuffatgmail.com, 2013). According to Mueller (2014), there are 11 reasons why people are drawn to various social media platforms and enjoy using them, including the desire to form a community, to connect and reconnect, to move beyond isolation, obtain real world connections, to be involved in more causes and activities, the desire to have one's own voice, safety, privacy or control, to be an insider and to have a chance to succeed. Market leader Facebook was the first social network site to surpass one billion registered accounts. Fifth-ranked micro blogging network Twitter had over 255 million monthly active accounts. Meanwhile, blogging service Tumblr had more than 230

million active blog users on its site (Statista, 2014). Founded in 2004, Facebook has become the biggest social networking service based on global reach and total number of active users. It was launched by Harvard student Mark Zuckerberg and some of his contemporaries. In September 2012, Facebook achieved over one billion active users across all platforms (*ibid.*). The number of Facebook users from Bangladesh was estimated at 6.8 million on January 1<sup>st</sup>, 2014 (firstbangladesh24, 2014).

In January 2009, Mark Zuckerberg posted on his blog: “If Facebook were a country, it would be the eighth most populated in the world, just ahead of Japan, Russia and Nigeria (McCarthy, 2010).” There have been various reasons for joining Facebook but socializing with friends and family remains the most popular. Using Facebook can be quicker than writing an actual letter or composing an email, hence, people can remain connected to others on a daily basis even though they are in another state or country (Hornsby, 2012). Studies show that marketers are becoming more inclined to use Facebook because Facebook advertisements are cost-effective, highly targeted and customized. Facebook advertisements also help to connect with people in an interactive way and so it helps the promotion and growth of businesses (Murray, 2014).

Since 2010, Michael A. Stelzner, the founder of SocialMediaExaminer.com, has published several research papers about Social Media Marketing on the issue of “How Marketers Are Using Social Media to Grow Their Businesses (Stelzner, 2014).” These research papers contain straightforward approaches as to how marketers are using social media at present and their plans for the future. He describes some major findings such as the marketers’ placement of high value on Facebook as a marketing tool; the status of Facebook as the most important social networking platform for marketers and the doubt of some marketers about it (*ibid.*). In 2013, Saadia Shabnam, Afreen Choudhury and Muhammad Intisar Alam carried out a business research named “An Emerging Method of

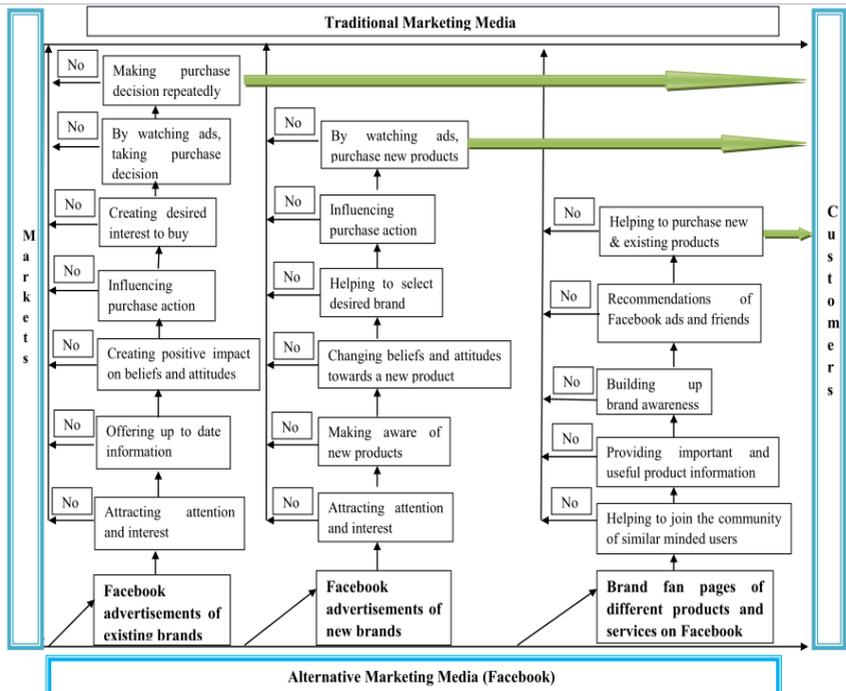
Communication: Social Media Marketing and Its Social and Managerial Implications (Shabnam, Choudhury & Alam, 2013).” The article describes the insights of both marketers and consumers on this new horizon of integrated marketing communication. It points out that the companies who are most effective in social media now are not only experimenting with multiple channels but, also, creating metrics to measure impact and using new tools to understand how to enter into a new conversation with their customers. Das and Sahoo (2012) analysed the consequence of social networking (SNS) sites on personal and social life, including the negative aspects. Dholakia and Durham (2010) observe that companies which implement the popular social-media site Facebook and its fan page module to promote themselves to customers can boost sales, word-of-mouth marketing and customer loyalty significantly among a subset of their customers. Castronovo and Huang (2012) developed an integrated alternative marketing communication conceptual model that can be applied by industrial practitioners to help them achieve their marketing objectives. Ayda Darban (2012) examined the impact of SNS on consumers’ purchasing decision processes in food retailer shops. The authors tried to locate appropriate steps as to how SNS operators can influence consumers’ purchasing decision when it comes to food retailers and why these steps might be implemented. García (2010) examined the marketing strategies for Latin alternative music used on rival SNS MySpace, Facebook, and Al Borde (On the Edge). Hampton *et al.* (2010) presented a rich and complex picture of the role that digital technology plays in people’s social worlds. Gu and Ye (2011) summed up the impact of management reactions on customer satisfaction using data retrieved from a major online travel agency in China and described how the public nature of online management responses introduces a new dynamic among customers.

## **2.1. Conceptual Framework**

The main purpose of this study is to assess customers’ perceptions of Facebook as an alternative medium of marketing. To carry out this

research, data has been collected from students who are studying at various universities and colleges in Khulna City using a self-designed questionnaire which had 31 items relating to different aspects of Facebook, respondents' use of it and their demographic characteristics. The popularity of Facebook was assessed through five factors such as Facebook as a medium of interaction, importance of Facebook in the respondent's life, security and privacy issues, convenience and preferences compared to other SNS and traditional media.

The impact of Facebook advertisements for new brands was analysed through six factors: attractiveness; effectiveness; positive effects; helping potential customers to find desired products and the influence of Facebook advertisements on purchase actions (see Figure 1 below).



**Figure 1:** *The Conceptual Framework for the Study; source: Original Research*

The above figure depicts two possible options or channels for marketing communications, which are defined as traditional marketing media and alternative marketing media (including SNS). They may be used for delivering products or services to the customers. The rejection of or a negative response to one option might redirect customers to the other option or channel.

The efficacy of Facebook advertisements of existing brands was explored through seven factors: attractiveness; keeping users informed and updated; positive effects on shaping attitudes and beliefs; influence of Facebook advertisements on purchasing actions; creating interest in purchasing existing products; influence of Facebook advertisements on purchasing decisions and encouraging repeat purchases.

The effectiveness of Facebook fan pages of different products and services was examined through five factors: gathering users of the same interests together; providing important and useful product information; building customer relationship; creating brand awareness and influencing purchase decision.

### **3. Methodology**

In the first stage of the research, secondary data analysis took place of relevant academic papers, magazines and websites. In the second stage, a quantitative survey was conducted with a descriptive research technique. Among different categories of descriptive research, the direct interview through a well-designed and structured questionnaire survey method has been adopted in this study. The data collected in this second stage has been examined using appropriate statistical tools.

### **3.1. The Population and Sample Design**

The young Facebook users of Bangladesh comprise the population of this study. The sample was mainly drawn from the southern region of Bangladesh, especially Khulna division. This study particularly focuses on the students of Khulna University, Azam Khan Commerce College, Government BL College and BN School and College. Considering age, students from three academic levels were included, which were higher secondary (A-level), undergraduate and postgraduate degree students. From the target population, 650 students were surveyed, of which 30% are from the higher secondary level, 40% from the undergraduate level and the remaining 30% from the postgraduate level. The respondents were selected by using a non-probability convenience method, which is one of the most commonly used sampling methods.

### **3.2. Instrument Development**

The study was conducted by using a structured, close-ended questionnaire. Seven questions were dichotomous and the others involved choosing from seven options indicating (e.g.) the extent of Facebook usage by the respondents. The other questions used five-point Likert-type scales. These are balanced scales with an odd number of categories. The scale points range from 1 = strongly disagree to 5 = strongly agree. The middle scale point (value = 3) represents neutrality.

The survey questionnaire used in this study can be divided into three parts. The first part asks some general questions seeking demographic information regarding respondent's name, gender, age, name of educational institution and mobile telephone number. The second part concerns the degree of adoption of the respondents and has eight questions. The last part of the questionnaire includes 23 questions to identify the popularity of Facebook, the impacts of Facebook advertisements on consumers and the effectiveness of brand fan pages

on Facebook. Consequently, a total of 31 questions are used in the questionnaire.

### 3.3. Data Collection& Data Analysis

This survey of 650 respondents was completed within three months from June to August, 2014. For data analysis purposes, two techniques have been applied, which are comparison of means and one sample t-tests. SPSS (Statistical Package for the Social Sciences) was used to test the sampling adequacy and the one sample t-tests were used to explore hypotheses. In range questions, a mean of 3 indicates a neutral state, above 3 indicates a positive response and below 3 indicates a negative response. Reliability tests have been applied to measure data reliability.

## 4. Findings

First, in the demographic profile of the respondents, the male-female ratio is 40:25. Out of the 650 respondents, 66.5 % respondents are between 21-25 years old, 19.7 % respondents are between 16-20 years old and the remaining 18.3% respondents are over 25 years old. For the frequency of accessing Facebook, more than 90% used it daily or more often and 10% used it every hour. Here we see most of the respondents about 77%, access Facebook quite frequently and only 23% access irregularly, according to this definition.

The table below represents the respondents' views towards marketing communications via Facebook and other SNS.

Variable	Rating
Preferring and using Facebook	96%
Noticed sponsored advertisements on Facebook	84%
Checking out/clicking sponsored advertisements on Facebook	58%
Liking advertisements/commercials on Facebook	58%

Liking Facebook Fan pages of different product/services	80%
Avoiding Facebook advertisements	49%
Spending more time on Facebook compared to traditional media	70%
Frequent access to Facebook	73%

**Table 1:** *Attitude towards Marketing Communications on Facebook;*  
**source:** *Original Research*

The above table depicts some interesting facts, since all but one had a higher than 50% acceptance level. Other significant insights include the fact that Facebook is the preferred SNS of a phenomenal 96% of the respondents, 73% of the respondents use Facebook on a regular basis and 70% respondents consider Facebook as a better option compared to traditional media in terms of spending their time.

To achieve the study objectives, the following research hypotheses were devised (in null format):

H<sub>1</sub>: Facebook is not a popular social network site.

H<sub>2</sub>: Facebook advertisements of new brands do not have significant impact in attracting customer concentration and changing their buying decisions.

H<sub>3</sub>: Facebook advertisements of existing brands do not have significant impact in attracting customer concentration and changing their buying decisions.

H<sub>4</sub>: Brand fan pages of different products and services on Facebook do not have significant impact in achieving social, business and marketing purposes.

By running a One-Sample Test on SPSS with the test value 3, the following tables have been generated.

	N	Mean	Standard Deviation	Standard Error of the Mean
Popularity of Facebook as a SNS	650	3.67	0.68	0.027
Effect in changing buying decision on new brands	650	3.33	0.77	0.030
Effect in changing buying decision on existing brands	650	3.28	0.74	0.029
Effectiveness of brand pages in gaining various ends	650	3.4994	0.78218	0.031

**Table 2:** *One-Sample Statistics of the Research Hypotheses; source: Original Research*

The above table depicts four criteria of responses on various issues related to Facebook and brand fan pages. It can be seen that the number of respondents is 650 and that the mean value of each criterion is above the neutral figure, indicating positive responses.

	t	df	Sig. (2-tailed)	Mean Difference	Lower 95% confidence level	Upper 95% confidence level
Popularity of Facebook as a SNS	25.095	649	0.000	0.67	0.61	0.72
Buying decision on new brands	10.887	649	0.000**	0.33	0.27	0.39
Buying decision on existing brands	9.586	649	0.000**	0.28	0.22	0.34
Effectiveness of brand pages	16.277	649	0.000**	0.50	0.44	0.56

**Table 3:** *One-Sample Test of the Research Hypotheses; source: Original Research (note: \*\* = highly statistically significant result)*

Here, Cronbach's alpha is 0.861, which indicates a high level of internal consistency for the data. From Table 3, it can be seen that the

significance level of 0.000\*\* indicates that the null hypothesis is rejected and the alternative hypothesis is supported. Consequently, it may be claimed that Facebook is a popular SNS, its advertisements for new brands have significant impacts in attracting customer attention and affecting buying decisions, while its advertisements for existing brands also have significant impacts in attracting attention and changing intentions. Meanwhile, brand fan pages of different products and services on Facebook have significant influence in terms of achieving social, business and marketing objectives.

The results indicate that Facebook use in Bangladesh is not very different from other countries. Some key points to explain this further are as follows:

(i) 74% of respondents believe that Facebook is a popular social network site, while 82% of Facebook users think that it offers a means of interaction with the society, community and events and 73% of these Facebook users consider that using Facebook is a part of their daily life.

(ii) 70% of the younger generation prefer Facebook to other SNS and traditional media. They consider Facebook to be a user-friendly SNS, which is increasing in popularity.

(iii) In terms of Facebook advertisements of new brands, 67% of respondents think that Facebook advertisements of new brands are effective in attracting customers and changing their buying decisions. 73% of Facebook users agreed that they noticed advertisements for new brands and 63% observed that they might buy products or services after being influenced by these advertisements.

(iv) For Facebook advertisements of existing brands, 66% of respondents agreed that they were effective in attracting attention and affecting buying decisions. 70% of Facebook users thought the

advertisements made them aware of existing products or services and 63% said they had bought products or services as a result.

(v) 70% of Facebook users claimed that brand fan pages of different products and services on Facebook are effective in achieving social, business and marketing objectives and almost 70% of people purchased products or services after being influenced by such pages.

However, the young Bangladeshis surveyed think that Facebook is not safe or secure enough. The validity of claim is evident in the cybercrime-related reports in newspapers, journals and electronic media. From the research conducted here, the following points about security can be noted:

(i) Young Bangladeshis surveyed are becoming eager to accept Facebook as a preferred medium to express their feelings, thoughts, opinions and provide details of their day-to-day activities. Facebook can help marketers to monitor carefully the activities of young people and to explore new forms of marketing.

(ii) The majority of respondents expressed concerns about security issues related to Facebook and its misuse. User trust is the key for Facebook to be able to evolve further into a leading marketing medium.

(iii) Facebook offers a very good platform for users and marketers. New companies can easily spread information about their products and services in Bangladesh through Facebook advertisements and Facebook fan pages. Existing companies can provide up-to-date information about their products and services to actual and potential customers through Facebook. Facebook fan pages and Facebook advertisements are found to be a useful medium of marketing as most of the respondents noticed them and some them have become actively involved as a result. Consequently, this opens up new horizons of marketing.

Facebook provides a two-way communication option to its users. Yet marketers should be cautious about not abandoning traditional media channels completely in favour of Facebook, especially since security concerns remain.

## **5. Conclusion**

Technology can have far-reaching impacts on every aspect of human life and one of the most dominant technologies of the last few decades is the internet. Social media on the internet are becoming immensely popular, especially, among the young. Facebook is the preferred SNS with a huge user base and is certainly the market leader in Bangladesh. This study indicated that there is substantial potential for Facebook to evolve as an effective alternative medium. It also offers some other advantages over traditional media through being an interactive platform which brings consumers and marketers closer, it offers unique marketing opportunities and it has less clutter. These results support the findings of Shih (2009) and Jothi, Neelamalar and Prasad (2011). So, if Facebook can hold its appeal and remain competitive then it is and will be a good marketing platform for young Bangladeshis. In future, this study might be repeated on a larger scale and with specific product categories. It would be also interesting to see the scenario of responses from different countries on the same issues. Besides, advanced and extensive research can be conducted from the perspective of marketers, which was largely omitted from this study. Marketers would benefit from achieving more insights into these issues from diverse points of views.

## **6. Acknowledgment**

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# When Defensive Behaviours become Detrimental to Team Learning: A Tragic Case Lesson from the 1871 Polaris Expedition

Ravee Phoemhawm

## Abstract

*Defensive behaviors can lead to devastating effects that impair the ability of a team to learn how to attain its mission objectives when they become unmanageable and out of control. The aim of this study is to illustrate the effects of defensive behaviours by demonstrating how such actions lead to people being destructive, harmful and vicious so that they derail the opportunity for team learning to occur. Richard Parry's (2001) Trial by Ice: The True Story of Murder & Survival on the 1871 Polaris Expedition has been used as a case study to make a theoretical analysis of the issues concerned. The findings point to a breakdown of functional roles, with people becoming preoccupied with personal issues, disdaining the attempt for order and then becoming mesmerized by fear as the defensive behaviours which prevented team learning took over events.*

**Keywords:** *defensive behaviour, Polaris expedition, team learning, teamwork*

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## 1. Introduction

When defensive behaviours become unmanageable and out of control, they can lead to devastating effects that impair the ability of a team to learn how to attain its mission objectives. Such behaviour inhibits team members from taking necessary actions to identify, discuss, analyze or even challenge existing problems due to the perception that the effort would only lead to more difficulties subsequently and these would become unmanageable (Barrett & Cooperrider, 1990). The late Chris Argyris provided some dynamical insights into defensive behaviours by analyzing the theory from an individual and organizational perspective. The foremost approach is known as defensive reasoning, which occurs when individuals make their premises and inferences tacit then come to a conclusion where the idea cannot be examined except by the beliefs of this tacit logic (Argyris, 1994a). The more that this type of behaviour is accumulated over time, the more it creates a form of behaviour that is self-serving, anti-learning, and overprotective towards principles that have not been re-modified (Argyris, 1994b). As a consequence, individual team members become inept in developing awareness and competence. Rather than searching for ways towards self-development and fostering learning within the group, the behaviour of the members becomes focused on preserving a proficient image by avoiding ambiguous issues and conflicting situations. This then sets the stage for pretending that tension does not exist in the working environment and an illusion is created that everyone is in accord with company policy (Argyris, 1986). This is known as organizational defensive routine and it originates from individual defensive routines that have permeated an organization thoroughly and reached the top levels of leadership (Cudney & Riley, 2014). Organizational defensive routines include any action, policy or practice that prevents organizational participants from experiencing embarrassment or threat and, at the same time, prevents them from discovering the causes of the embarrassment or threat (Argyris, 2002). A front is displayed to give the impression that troubling matters are being managed appropriately

but, in reality, it is quite the opposite. In such cases, people try to demonstrate that they are not inconsistent but actually are inconsistent themselves; they make certain issues impossible to discuss or influence, while acting as if this is not the case. Consequently, the inability to discuss or influence itself becomes impossible to discuss (Argyris, 1993). This form of behaviour prevents identification and correction of errors, as well as averting any accountability for or discussion of the problem (Gross, 2005).

### **1.1. Defensive Behaviours and the Challenge for Team Learning**

Real learning presents itself to a team when individual members refine the theories and assumptions (i.e. ideology) by which they perceive the real world. A breakthrough in learning occurs when the team challenges long-held premises and causes them to appear to be invalidated, modernized or replaced (Kurtzman, 1998). Such a leap forward is possible when the team is in the process of being aligned and developing the capacity to generate the results that are being sought (Senge, 2006). Nevertheless, when team members are not equipped to deal with the dynamics of leading others or of addressing issues that are of serious concern but are, instead, drawn into the context of complex business, economic and political environments that present a wide range of competing and sometimes conflicting priorities, then their commitment to learning as a team can start to stagnate and waver (Sales *et al.*, 2013). Such a working environment stimulates the tendency to find faults in others instead of assuming accountability, to argue for the sake of making others submit to their personal view and signal the consequences to those who dare to challenge personal authority, thereby limiting the opportunity to learn from mistakes and errors (Tjosvold, Yu & Hui, 2004). Similar to an organization, a team can only learn as a collective and cohesive group if individual members are able to acclimatize to the situation in the context of the working environment (Lynn, Akgün & Keskin, 2003). However, when there is a lack of dialogue, reflection and mindfulness,

then there can be only a meagre attempt to foster critical reasoning to capture the main points for progression, reviewing the framework to find better methods and taking into account the end results that might occur. The team can only learn when they have repeated the same old mistakes and error and realized that (Barker & Neailey, 1999).

## **1.2. Research Aim and Objectives**

The aim of this study is to illustrate the effects of defensive behaviours and how they can derail the opportunity for team learning to occur. *Trial by Ice: The True Story of Murder & Survival on the 1871 Polaris Expedition* by Richard Parry (2001) has been used as a case study to provide the theoretical analysis underlining the work. The paper examines the documented report on the expedition crew facing an ordeal and a deplorable situation that hindered the ability to complete the mission. The research questions being addressed in this work are as follows:

- (i) When do defensive behaviours become destructive in the opportunity to create an opportunity for a team to learn through dialogue?
- (ii) When do defensive behaviours become harmful for a team in learning how to solve problems by reflection?
- (iii) When do defensive behaviours become vicious and make it impossible for a team to learn with the virtue of mindfulness?

The objective is to provide a learning lesson outline for dealing with defensive behaviours in the context of team learning and to set forth implications for sustaining team learning while dealing with defensive behaviours. The work begins with a literature review on team learning and how the concept is applied to counter defensive behaviours. From the literature review, a conceptual framework is provided as the working theory by which to analyse the case study.

In subsequent sections, the study describes the method for conducting the case study and provides the requisite analysis. From there, the lessons learned are provided with some theoretical insights and the implications and conclusion are provided thereafter.

## **2. Literature Review: Team Learning Applied as a Concept to Counter Defensive Behaviours**

### **2.1. Team Learning: Dialogue as a Tool to Counter Defensive Behaviours**

Dialogue is an activity that brings about a shared concern among group members and which also leads to invoking a spirit of inquiry and curiosity that causes people to be open to new ideas, willing to shift mindset and learn as a whole while, simultaneously, challenging assumptions by digging for the truth (Hays, 2013). With diverse mindsets among individuals, a dialogue can only start to flow freely when colleagues welcome others to express their ideas and opinions as well as letting others offer their view to support for notions or make alterations (Wals & Schwarzin, 2012). Holding a dialogue among team members bring about a transition from doubts that may arise from expectations not being met or there might be the unlikely outcome that an attempt is made to construct collaborative learning within a group (Gear *et al.*, 2003). The point of having a dialogue is not to win an argument but to debate an issue so that everyone can at least have something to gain from the situation at hand. This allows people to learn how to observe their own experiences and behaviour through the eyes and words of the others (Raelin, 2012). There are tendencies to get stuck with current beliefs and holding these as the expression of absolute truth. The team, as a whole, needs to be engaged in a questioning style of behaviour for the purpose of trying to discern what is illusion and what is actually reality, as well as what is adding value and what is preventing it from occurring (Skordoulis & Dawson, 2007) so that progress can be made without any hindrance. Holding a dialogue with team members can lead to better

perspectives, define common but often miscommunicated phrases and share meanings for making new discoveries (Ray-Chaudhuri, 1998).

## **2.2. Team Learning: Reflection as a Tool to Counter Defensive Behaviours**

Reflection is the means by which a team might review systematic procedures so that the team knows what are the right questions in order to solve current problems and which direction to take in moving forwards (Stone, 2010). While risks are bound to occur if a change to the process is a necessity, reflection is an opportunity for the team to obtain a clear idea on what plan needs to be taken and to focus on the tasks that can be tackled before then reviewing whether any further changes for improvement are required (Boak, 2014). On the other hand, a lack of reflection could prevent the team from being able to uncover the information that tells each member why they were unable to accomplish their objectives or became redundant when seeking to find better methods to correct the ways of learning and problem solving (Gabelica *et al.*, 2014). The team truly becomes a learning entity when it overcomes the mental rut of sticking to the same idea and succeeds in questioning the actual goals, thereby questioning the rules of the game and the underlying steering variables (Decuyper, Dochy & Van den Bossche, 2010). Reflecting to learn as a team should allow some space and tolerance for individuals who want to consider critical matters, otherwise the conversation would mostly be based on not trying to make others feel ashamed or losing credibility in front of their colleagues (Sutton & Dalley, 2008). Discussions are based on actual facts or concepts so that team members are grounded in reality in proposing ways to help the team get closer to attaining its objectives, despite being fully aware of the challenges that are presented during the process (Ohlsson, 2013).

### **2.3. Team Learning: Mindfulness as a Tool to Counter Defensive Behaviours**

Mindfulness means behaving with reason and understanding as a way to be alert of the consequences of one's actions. As a practical form of enlightenment in the Buddhist philosophy, mindfulness fosters mental alertness to one's condition, feelings and thoughts so that there is an ability to analyse facts and how this type of experience can be accommodated along the destined journey should one happen to encounter it again in the near future (Blomfield, 2011). It is the simultaneous ability to see, hear and feel so that there is a keen sense of the situation and thereby to adjust one's performance to attain desired objectives (Hays, 2013). Mindfulness stimulates the behaviour that is concerned with the quality and conservation of attention, as well as on what people do through the activity of noticing the issue at hand (Weick, Sutcliffe & Obstfeld, 1999). The practice of mindfulness on the part of team members provides and enriches awareness of matters on an in-depth basis and follows the proper procedures with concern, while being able to anticipate any problems that may arise unexpectedly (Rerup, 2005). Over time, a team can become less mindful when they fail to recognise the consequences of leaving a problem to fester so that it becomes a process that might lead to disaster. The problem can serve as form of learning for people to become able to counterattack the situation (Levinthal & Rerup, 2006). As a discipline for combating complexity and uncertainty, mindfulness can help people to anticipate problems and prevent failures based on early and subtle forewarnings so that they can swiftly assert their natural instincts for assessing and solving the case (Weick & Sutcliffe, 2007). The concept of being mindful is to uphold balance and harmony when a process needs to be completed. There is a need to keep colleagues acting as interdependent agents in discovering ways to improve the team's performance, even in the event of facing crises or conflicts that are disrupting the learning process (Rerup, 2006).

## 2.4. The Conceptual Framework

With the aim of illustrating the effects of defensive behaviours and how they derail opportunities for team learning to take place, this paper attempts to demonstrate the overwhelming impact that such a form of behaviour has in hindering the process and its outcome on learning on behalf of an expedition company. The study revolves around the issue of defensive behaviours as they affect the following:

- (i) Opportunity for a team from learning through dialogue.
- (ii) Learning how to solve problems as a team by reflecting.
- (iii) Creating a situation to learn collectively through the virtue of mindfulness.

The perspective of team learning through the idea of a dialogue, reflecting and mindfulness is derived from Hays' concept of the team learning pyramid (2013). According to Hays, "... teams also have certain tasks that they must accomplish, governed by their purpose and objectives, and sometimes by performance charters or targets," while, simultaneously, "... teamwork and group activities continually confront individuals with the effects of their own behavior, sometimes troubling, sometimes surprising, and often interesting (*ibid.*)"

Whereas the model is designed for contributing value to groups and team leaders who have responsibility for solving complex problems and dealing with dynamic complexity, the study applies the concept in a lesson learning format that illustrates the negative impacts that defensive behaviours can have on team learning. The team learning pyramid and the notion of defensive behaviours are utilized as a tool for examining an historical incident in which a team failed to carry out an expedition mission due to conflicting personalities among the crew members. The model is focused on the documented events that exemplify how the expedition team performed in a dysfunctional manner which prevented members from completing the mission. The

analysis is focused on statements made and information obtained from the account with the purpose of demonstrating the effects of defensive behaviours that prevented a team from learning how to resolve their situation and changing habits that would have helped complete the mission. A figure is provided below to present the approach of the conceptual framework.



**Figure 1:** *The Conceptual Framework;* **source:** *Original Research Based on Hays, 2013.*

The study concentrates on the recorded events by the author of *Trial by Ice* (Parry, 2001) that provide the crucial information leading to the demise of the expedition team's failure to complete the mission due to group members' dysfunctional working relations, indifference and uncooperative behaviour. The documented incidents that have led to the team's mission failure are meticulously scanned with the aid of the model of the team learning pyramid (see Figure 1 above) and defensive behaviours for producing insights as to the lessons learned.

### **3. Research Methodology**

This research study employs a narrative case study approach. The methodology is designed with the aim of understanding the human experience or social phenomena involved through the form and content of stories analyzed as textual units (Sandelowski, 1991). Data is gathered from reading the chapters in Parry's (2001) historical account. Upon reading through the chapters, a question was formed: "when do defensive behaviours become detrimental to team learning?" and this was used as a guide for re-examining the episodes containing the reading passages that were relevant to the inquiry. The work is focused on the narrative event that describes the perilous and precarious situation that the expedition crew was facing after the death of their expedition leader, Charles Francis Hall. In this tragic event, a non-Navy group was setting out for a voyage to the North Pole under commission from the United States government. The civilian entourage was made up of a German scientific team, with Dr. Emil Bessels as the head of his unit, with some three or more ship captains with Sidney O. Buddington as the acting head and eight Inuit support staff of varying ages and gender. Upon the death of Hall, the crew split into factions, with Bessels and Buddington (now officially in charge of the ship) contending for control. According to Parry's recording, with the absence of Hall, "... the goal of the Polaris expedition demanded that Buddington now beat northward into the ice on his own without backup, something he was not prepared to do. Were the ship to founder, only the cold, empty expanses of the Greenland coast awaited those lucky enough to reach shore. To a man used to the sea, this inhospitable land was as fearful as the ice floes. So Buddington resisted moving his ship northward like a man who fears his life is threatened, for that is what he fervently believed. Nothing awaited him on shore, he was convinced, but a slow painful death by starvation" (Parry, 2001:123). In his view of Bessel, Parry stated that Bessel was in fact delighted with Hall's death because he did not appreciate Hall's micromanaging procedures that not only constantly interfered with his colleagues' tasks but probably instilled a

feeling of inferiority when Hall applied his depth of knowledge for suggestions that overwhelmed other team members. As for the scientific group which was spearheaded by Bessel, they essentially acted as an autonomous unit within the Polaris group (*ibid.*). With the control of the vessel under the command of Buddington and Bessel having assumed complete control of all scientific studies and journeys overland, this set the stage for the destruction of the entire expedition (*ibid.*:125). From this incident, the author of the work provides a narrative account of how the Polaris Expedition Crew failed to finish its mission.

#### **4. Narrative Case Study of the 1871 Polaris Expedition Crew: An Account of the Mission Failure**

Documented Information Based on Richard Parry's Work:

##### **Chapter 7**

p.126: "The galley stove broke down. A constant wind raking across the deck and rattling the ice-rimed rigging now forced downdrafts through the chimney. Clouds of smoke, sparks, and burning cinders drove Jackson and his helpers out of the galley. The small stoves in the forecabin and below decks replaced the galley. Each mess therefore cooked their own meals. This solution further conspired to divide the crew. Buddington unwittingly aggravated the problem when he canceled the daily services that Hall had held. No longer would the various watches and teams on the Polaris come together in one place."

p.133: "Chester wrote glowing praise of the men, describing them like cheerful Boy Scouts, always industrious and especially neat: 'They are all good men. They keep clean and take good care of themselves. Everything about their quarters looks clean and neat. There is not much danger of such men being troubled with scurvy'. His rose-

colored glasses are impressive. First, soup cannot prevent scurvy. Second. Stability aboard the *Polaris* had all but vanished. Increasingly Captain Buddington was drunk, and the men, taking their cue from the captain, pilfered the ship's alcohol stores. Gallons of ethanol intended to preserve scientific specimens simply vanished ... Boisterous, drunken parties reigned nightly ... Order and discipline suffered ... Now when the need was greatest to establish regular routines to prevent malaise that follows the loss of these normal cycles, there was none. Buddington had no stomach for order, preferring to drink in his cabin. Tyson, Hayes, and Hobby regularly visited Hall's grave and lamented his absence. 'Captain Hall did not always act with the clearest judgement,' George Tyson wrote, 'but it was heaven to this.'"

p.134: "In the face of the ship's crumbling discipline, Captain Buddington did a curious and unexplained thing: he issued revolvers and rifles to the crew. What purpose this served is unknown. No external threat from Natives or animals existed. Hunting parties had need firearms, and armed guards could be posted against the occasional marauding polar bear, but arming the crew during peacetime is unusual. Tyson would later surmise in his diary that Buddington armed the crew to curry their favor, intimating that Buddington might have feared that Tyson would snatch command away from him. But Tyson was no great favorite of the men either."

pp.136-137: "... the cold, isolation, and Arctic night worked to divide the crew. Buddington and Bessel soon quarreled over control of the dogsleds. Robeson's orders directed Bessel to conduct the sled trips, but the Prussian's lack of Arctic experience left him open to question. His frostbitten ear and recent fiasco while attempting to reach his hut highlighted his inexperience. To Buddington the haughty foreigner acted too proud to admit his ignorance. To Bessel the ship's captain, on the other hand, was no more than a drunken lout. While neither man openly confronted the other, animosity radiated out from each like a light from the oil lanterns."

“While Bessel and Buddington jockeyed for overall command, neither could muster a constant group of supporters to his cause. Fredrick Meyer took the side of his fellow Prussian arguments with Buddington but in private argued with Bessel. First Mate Hubbard Chester disliked George Tyson. Tyson returned the compliment. Buddington cared little for his chief engineer, Schuman, and all four American officers viewed Meyer and Bessel with suspicion. Only Mr. Bryan appeared above the petty differences, which steadily grew out of proportion.”

“Naturally the attitude of the officers spilled over to the enlisted men. Men who had prospered under Captain Hall felt they were punished for their loyalty to their dead leader. Joseph Mauch, elevated to the role of secretary to Captain Hall, found himself returned to the forecabin. Having more education than the other sailors, he lavished sarcasm on his fellow shipmates. He developed a special dislike for Emil Bessel, accusing the doctor of being a ‘damned imposter’, of being too lazy to do his job properly, and of making up false data to cover that fact.”

“And so it went, round and round, slight piled upon slight, anger added to anger. This splintering of loyalties and introspected resentment frequently infects groups subjected to the long Arctic winter.”

p.139: “Buddington filed his personal journal with excuses, emphasizing the constant danger to the ship and lamenting that Hall had not followed his advice about a more secure anchorage. With remarkably selective recall, he forgot his desire to sail south to Port Foulke and remembered wanting to anchor in Newman Bay. There would be no drifting ice pack, no daily rocking on the ice spur, no danger from anything had he been listened to, he postulated.”

“Captain Buddington now fastened on a new excuse for failure. During December the ship had burned close to one ton of coal more

than in November. Characteristically Buddington blamed Halls' previous estimate of the available coal in the coal bunkers. Only eight tons actually remained, Buddington claimed, not the one hundred tons that Hall had estimated."

"Drunk almost daily since Hall's death, Buddington no doubt increasingly worried about covering his failings. In his mind he had no intention of spending another dreary winter in the Arctic if he could help it. His journal writings resound with reasons he could not complete the mission. Rather than constituting a journal, his entries shifted to a preparation for his defense."

p.142: "Not content merely to trample over centuries of Inuit wisdom, Bessel went on to tell Captain Buddington how to sail his ship. 'Now, a few remarks upon the operation of the vessel,' he wrote. 'It would undoubtedly be best to use as little as possible of our coal, and to proceed north by sail.' Ironically Bessel had replaced Captain Hall in attempting to micromanage Buddington ... 'If it is possible for the vessel to advance along the coast of Grinnell Land it would be profitable to do so,' Bessel wrote condescendingly."

p.144: "'Your suggestions as to an early trip to Cape Constitution and the inland meet with my entire approval,' Buddington wrote back. 'Using the opportunity afforded by Bessel's sketch, the captain jumped at the part that spared him from driving his ship against the ice floes.'" 'The expedition I the north, will, in all probability, proceed by the aid of boats,' he agreed. 'Ever aware that his actions would be carefully scrutinized on their return,' he added stoutly, 'It is my decided intention, in such case, to take command of the boat party.' Then he slyly scribbled an ending that kept him off the hook: 'To come to any conclusion as yet to the details of this boat journey and the proceedings of the ship appears to be useless, inasmuch as circumstance will generally govern our actions.'"

“Once again Buddington had fashioned a passive role for himself. Whatever the conditions permitted, he would acquiesce to those events instead of pressing onward without regard to his safety, as Charles Francis Hall might have done – a far, far different mind-set from that of the late commander.”

pp.148-149: “As soon as he was well, Emil Bessel resumed his demands to head another expedition, one using the whaleboats this time. A heated argument ensued. Control of the ship and its longboats still belonged to Buddington, and he had no intention of forfeiting this remaining shard of his authority. Already, premonitions that he would bear the brunt of any failure loomed large in his mind. Abrogating his command, especially to a landlubber, was the worst thing a ship’s captain could do, and he’d be damned if he’d turn over his longboats to Bessel.”

“Still, fear clamped its iron hand on the sea captain’s heart. Sailing among the icebergs and floating islands frightened him beyond all reason. What nightmares tormented him enough to souse his brain in alcohol, we can only imagine. Striking an iceberg and sinking seems to have bothered him less than being trapped within the floating islands to slowly starve to death. In those frigid waters, death comes quickly from hypothermia, within minutes. But drifting, disabled, and locked in an icy embrace meant weeks of hunger and despair and the haunting specter of cannibalism.”

p.152: “There was simply no one to lead. Now that Hall was dead, Tyson had no authority, since he had derived his strange position from the late commander’s pleasure. Thirty years in the navy had conditioned Morton to follow commands, not give them, and the Inuit withdrew to their usual defensive posture of being passive when dealing with white men. To their credit, they had come along only for their friend Captain Hall, and he was dead. No one else aboard the *Polaris* had earned their friendship and respect.”

## Chapter 8

p.159: “Again the divisive spirit that pervaded the ship raised its ugly head. Tyson recorded the loss with ill-concealed glee: ‘Chester’s party have all returned, having had the misfortune to lose their boat, and nearly their lives.’ He continued, ‘I called the cape near which they lost their boat Cape Disaster, and the bay they were on, beyond cape Lupton, folly Bay, which I believe was rather displeasing to Mr. Chester.’ Here Tyson sounds more like a schoolboy reveling in a classmate’s failure than an adult who recognized that teamwork was essential to the success of their mission as well as their survival.”

p.161-162: “In desperation Tyson suggested that the two teams combine forces and mount an overland attack...His plan called for squads of men leapfrogging their way north on foot, leaving caches of food as they went for the journey back...To his amazement his plan failed to inspire his fellow shipmates. ‘But, I could get no one to join,’ he wrote in consternation. ‘Some were indisposed to the exertion of walking, and some did not know how to use the compass, and were probably afraid of getting lost; and so the project fell through.’”

“Had Tyson occupied a well-defined place in the command structure, he would have built his authority as well as earned the trust of the crew, and the men might have followed his plan. Being placed in limbo by Hall’s nebulous appointment, Tyson had none of those things working for him.”

“An equally frightening thought lurked in the back of each man’s mind: Captain Buddington could not be trusted to wait for their return to the ship. More than once Buddington had voiced to Tyson and Chester that if the way south opened for the *Polaris* and if he ‘got a chance to get out he would not wait.’ That scuttlebutt spread below deck faster than the speed of light. Even the lower seamen clearly knew the captain’s mind in that matter. If they pressed farther north,

chances were slim that their ship would be waiting for those lucky enough to find their way back to Thank God Harbor.”

p.165: “Their mission had failed. The North Pole would remain unclaimed. The United States would add its name to that of England, France, Russia, Denmark, and every other nation that had mounted an expedition to the North Pole ... and failed. Nothing remained but to get back alive.”

p.168: “Drinking heavily now, he (Buddington) announced to Chester and Tyson that there existed no probability whatsoever for them to do anything other than help him head home. Realizing how the two boat teams had robbed him of sufficient hands to man the ship, he resolved never to repeat that error. As the men rightly feared, their mission was finished ... Sadly his poorly concealed anxiety only subjected him to more of his sailors’ scorn. Arising out of Buddington’s patent dread of the floating ice, a growing, open contempt for him developed on the part of his crew.”

“Shortly after the boat crews returned, Tyson suggested the three watches be assigned to use the hand pumps instead of the steam donkey. Doing so would save burning their dwindling supply of coal yet provide pumping round clock. While Buddington considered the idea, a sudden rush of fresh seawater flooded into the hold. The amount of this new leakage far exceeded the capacity of the hand pumps, so the steam pumps remained active and the idea of the men’s taking turns pumping by hand was abandoned.”

“The suddenness of the new leak and its timing raised suspicions that someone in the engine room had deliberately opened the seacocks and flooded the bilges. Tyson suggested this idea to Buddington, citing that it was done ‘so that those in favor of hand pumping should have enough of it.’”

“Showing uncharacteristic resolve, Buddington marched down t to the engine room to see for himself. He arrived outside the engine room only to have the door slammed in his face. Those inside – presumably Emil Schuman; the assistant engineer, Odell; and the two firemen, Campbell and Booth – refused to allow their commanding officer to enter. Adding insult to injury, they also refused to answer his orders to open the door.”

“Chagrined, Buddington could do nothing but return to the cockpit and hope that the new leak had indeed arisen from a deliberate act of sabotage to gain his concession. When word reached those below decks that the idea of hand pumping had been scrapped, the massive new leak miraculously ceased. This dangerous act of defiance greatly threatened the command and safety of the ship but went unpunished.”

p.169: “Since Charles Francis Hall’s suspicious death, discipline and cohesion of the expedition had weakened and dissolved by degrees over the long winter. Now little remained of the United States North Polar expedition but an unruly, self-serving mob bent on having their own way with no regard for the consequences ... The chain of command had virtually vanished from the crew while irreplaceable losses went largely unappreciated ... Reckless burning of the ship’s coal both onboard and in the observatory had squandered the engine’s fuel so that only a few days’ supply remained. Because the men were too lazy to man the hand pumps, the bunkers held barely enough coal to steam directly south to Disko. Errors and foolishness had reduced their chances of survival and left the expedition with a razor-thin margin for error. Any delay or diversion while steaming – whether from pack ice, gales, or fog – would mean disaster.”

## **Chapter 11**

p.210: “Blood ties, friendship, or camaraderie all will cause a man to risk his own life for that of another...Regrettably the members of the Polaris expedition had no such unity. In reality, they couldn’t even

call one another shipmates. Divided by nationality, differing loyalties, and conflicting purposes, the crew of the *Polaris* had lost all cohesion. The rigors of the Arctic had reduced them to splintered coterie of men in league with one another.”

## **5. Analysis**

### **5.1. Lessons Learned for Dealing with Defensive Behaviours in the Context of Team Learning**

#### **5.1.1. When Defensive Behaviours become Destructive in Creating an Opportunity for a Team to Learn through a Dialogue**

Having a dialogue requires an open mind to point out issues and encouraging others to offer views that can be analyzed (Jabri, 2004). The implementation of a dialogue might have alleviated the feelings of doom and despair among the *Polaris* crew members. However, the depressing mood kept on circulating in the working atmosphere which led to some people abandoning their roles and responsibilities with respect to the mission. The pessimism that had become ingrained in the psyche of the expedition team blocked their ability in gathering viewpoints as a means of finding ways of improving the situation. Sadly, some were in denial, just like in the report of Chester's where it is stated that the spirits of the crew were high: on the contrary, it was quite the opposite in that it did not trigger a dialogue among fellow team members. The concept of working with reason and facts gave way to making priorities for extreme caution as certain crew members suddenly started carrying guns and rifles. There was no proper form of communication to explain the purpose of arming men in peacetime. According to Isaacs (1993:25) "... dialogue is a discipline of collective thinking and inquiry, a process for transforming the quality of conversation and, in particular the thinking that lies behind it." However, with no sense of morale or discipline and because of perceiving a threat towards personal authority and power, this brought about savage intentions on the lives of other colleagues for the sake of

maintaining order. Such a dire attitude made it impossible to discuss the situation cooperatively so as to seek out the best and wisest practice in completing a high-risk expedition with the native Inuit people who had actual experience of the environment. By making the threat larger than it actually was, the Polaris Expedition team failed to gather intelligence for a proposed plan that could have reconfigured the behaviours displayed and perhaps salvaged the mission. Dialogue is a form of communication through which people seek shared meanings and understandings (McArdle & Reason, 2008). Based on Parry's (2001) written account, dialogue was lacking due to an absence of trust as the crew feared the potential negative consequences in following the proposed new plan. Also, there was no feeling of assurance that they would be safe in taking this plan of action. The presence of fear, along with the notion that death is inevitable, inhibited the initiative required to make any progress.

### **5.1.2. When Defensive Behaviours Become Harmful for a Team in Learning How to Solve Problems through Reflection**

Reflection, as a tool for learning in a team, assists members in reassessing the situation in which they are placed and enables them to make healthy inquiries that would enable progress to be made so that a decision can be made as to the right course of action to take (Hegarty, Kelly & Walsh, 2011). In the case of the Polaris Expedition team, members were divided into their own selected groups on the basis of loyalty, which made it hard for people to integrate their previous experience so as to enable future improvements. While certain incidents could have been utilised for lessons learned, the peers within the group were mostly preoccupied with checking to see whether loyalty towards power and command were waning in their faction. While the emotional energy had been spent on worrying how much clout one has (as if it were a fuel tank), there was no interest in creating a scheme to attain the objectives of the mission. Reflecting enables a team to see where the mistakes and errors have been made within the operational framework, while correcting the forms of

practical functions in becoming explicit knowledge by which workers might abide (Söderlund, Vaagaasar & Andersen, 2008). Reflecting never really took place in the expedition crew due to people being more concerned about defending their own reputation and decision-making when they had to answer questions on the incident from higher authority. The lack of obedience and misalignment in the team just prolonged the difficulties that prevented the opportunity to learn and so solve the predicament and remain focused on the mission. Teams that reflect often create a shared understanding which promotes a stronger coordination of action among the members, thereby increasing collective competence (Knapp, 2010). However, without reflection, the expedition team found it very difficult to prevent the problems from recurring. Instead of coming up with a solution, they resorted to denial. In addition, when they did attempt to make a plan it was implemented without any careful measurement or calculation.

### **5.1.3. When Defensive Behaviours Become Vicious It Makes It Impossible for a Team to Learn with the Virtue of Mindfulness**

In a state of mindfulness, one observes the structure of what is occurring at the moment and then obtains the gist of the consequences of actions so that there is a better understanding of the dynamics in action (Greene, 2012). Schism and antagonism to unbending loyalty divided the crew members and degraded the sense of unity. Owing to this aberration, members were prevented from seeing how the erratic behaviours of others were retarding the progress of the mission. In addition, it ended the chances for gathering information to rectify matters. With no channels for communication, the necessity for people to survive meant they started to succumb to nature's control instead of retaining the will to continue rationally. The state of fear and desperation, with the addition of the desire for absolute power, inhibited any sense of mindfulness. Rather than making team efforts to learn how to overcome the negative situation encountered, the defensive behaviour of being suspicious and antagonistic towards colleagues continually presented itself as a form of resistance towards

making progress. For a team to be able to see the unseen, hear what has been unheard and at least feel the issue that has often been difficult to touch or even intangible, it should display mindfulness towards its path (Jackson, 2014). However, when attitude and behaviour overlook the concept of teamwork, there is a lack of commitment to seeking improvement. The lack of mindfulness produced the condition of being ill-equipped for the unforeseen risks that lurked ahead. The result was that an irrational crew took every measure of action without regard to the economic situation (low supplies) while failing to craft out a strategic foresight to fulfill the mission. The rise of fear and insecurity brought about resentment within the chain of command and lack of respect for authority, thus derailing the mission of the expedition. Such a mental breakdown fosters contempt within team members for any plan of action or advice that had been made with good intentions.

## **5.2. Implications for Sustaining Team Learning while Dealing with Defensive Behaviours**

The tragedy of the 1871 Polaris Expedition offers a unique lesson for sustaining team learning in the midst of defensive behaviours hovering over the minds of fellow colleagues. First and foremost, the environmental conditions should be configured in a way that prevents the team from lacking a strong sense of direction. The concept is that situation at hand should be endured while being focused on objectives, feeling a sense of camaraderie and being constantly unperturbed so that learning as a team represents the most likely means of overcoming any form of adversity. As the team ventures forward into the unknown, the vision should be made clear (Velazquez *et. al.*, 2011) for the purpose of fostering an awareness in taking an initiative in alleviating the risk that may be encountered and to become resilient. Even in the event that there are shortcomings or losses, there is no time for people to become mired in self-pity but, instead, become collectively prepared for the consequences of actions taken and learning to progress to the next challenge (Smith, 2011) that

awaited in the expedition. The stated mission and objectives could serve as a basis for constructing dialogues from which a team might learn while developing better ways to complete the operations being faced with the current resources at hand (Smith & Sharicz, 2011). Any endeavour will have its fair share of mishaps and incidences of underperformance but the mission can serve as guidance for reflecting on incidents and so serve as lessons for raising inquiries about improvement and crafting effective plans (Boon *et. al.*, 2013). Dialogue and reflection can only come about if there is a collective whole that shares the same interest in terms of achieving mission objectives. The thoughts and considerations of members should address the task to be completed so that there is a better sense of awareness of each other's strengths and limitations (Perry, Karney & Spencer, 2013), thereby learning through the discourse and rumination as the team is focused on identifying opportunities under challenging circumstances. Members within the team have different characteristics and personalities that make up the background in approaching a particular issue. According to Hackman (2003), members who have differences and create disunity will not be able to foster the degree of collaboration and learning as a team (*ibid.*). Even with the differences or diversity of beliefs, the behaviours and actions in troubleshooting should be approached with mindfulness in order to have a firm understanding of the cause and develop support for it instead of this being met with wariness (Morita & Burns, 2014). Although catastrophes can occur unexpectedly they can be reframed as an event that offers a second chance to get back on track, perhaps by calling for a change in the working system or by crafting a better strategy (Baert & Govaerts, 2012). The idea is to foster a sense of alertness among team members while they remain united and buoyant in resolving the situation rather than falling into a mood of despondency. Also, with attentiveness instilled in the mind, team members would have the psychological confidence of knowing that everyone is carrying out her role and function with discipline. Furthermore, a working demeanour bestowed with mindfulness would eliminate the perception of seeing other fellow members as competition for their resources, needs and a

tactical edge for survival. Like a colony of ants going about their business, the mindset would be more focused on developing intelligence for learning and devising a scheme to attain mission objectives.

## **6. Discussion and Conclusion**

For team members to learn as a collective group, the operational conditions should be welcoming with the opportunity to construct a dialogue for others through which to share ideas. Also, there should be space for reflecting with fellow colleagues to gather information for the next course of action. Furthermore, the idea of mindfulness should be valued within the team so that the decisions and actions benefit all. In the event of a threat, it should be utilized as a precedent for becoming more cohesive. Where errors and failures are being committed, they should be constructed as lessons learned for making progress in the future, since defensive behaviours block the rationale, hope and performance for team learning and it may result in a psychological paralysis that becomes etched into the mentality of the people concerned. As teams are made up of individuals, the propensity to learn together depends on the attitude and behaviour of each member. According to William Golding's ( ) novel *The Lord of the Flies*, the lessons in the passage point to how people can become destructive towards one another when power, control and fear are used as the ideal methods for keeping behaviours aligned as a group. Such anti-social values do nothing more than breed apathy and misgivings that inhibit the initiative to learn from one another as well as with each other.

In conclusion, defensive behaviours become detrimental towards team learning when members of the group are emotionally caught up in displaying behaviours that are destructive, harmful and vicious. In such circumstances, it becomes quite difficult to restore the initiative in obtaining a collective focus and determination on learning how to complete the mission objectives. The limitation of this study is that it

is based solely on Parry's (2001) documentary report because it is the only work available that goes in-depth of the matter. There is, then, a lack of triangulation. However, it is claimed that the narrative account provides some useful details for helping to understand the impact of defensive behaviours on the practice and theory of team learning.

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# Poverty Alleviation in Bangladesh through Microfinance: The Role of BRAC

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## Abstract

*Microfinance has already been recognized in the world as an efficient weapon in the fight against poverty. The present study aims at assessing the role of BRAC, a pioneer microfinance institute, on poverty alleviation in Bangladesh. To this end, 205 rural women who received microfinance from the said institute were randomly and proportionately selected as a sample and were interviewed directly by the researchers to amass the required data and information. Both descriptive and inferential statistical measures were used to analyse the collected data. The findings of the study reveal that micro-credit plays a significant role to a varying extent on different determinants of poverty alleviation, including improvement of housing, health, education and sanitation conditions. The study ends with some recommendations that will help the government and non-government policy makers to overcome the existing problems.*

**Keywords:** BRAC, microfinance, MFI, NGO, poverty alleviation.

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## 1. Introduction

Microcredit involves lending small amounts of money to low-income people to develop themselves, change livelihoods and improve standards of living. The non-government organizations (NGOs) which are providing this service to the poor are often treated as microfinance institutions (MFIs). These small loans can help people to come out from the cycle of poverty by generating additional income. A definition of microcredit is financial service where small amounts of money (usually around \$50-\$150) are loaned to poor people for use as a capital to start or expand small businesses. It is recognised as an effective tool in fighting against poverty by providing financial services to those who do not have access to or are neglected by commercial banks and financial institutions. Financial services provided by MFIs generally include savings and credit. According to an estimate, 67.6 million people around the world have access to microfinancing (RAPRMSMC, 2004). At present, Bangladesh accumulates a large number of well-known MFIs, including the Bangladesh Rural Advancement Committee (BRAC), Grameen Bank (GB) and the Association of Social Advancement (ASA). Simultaneously, many smaller MFIs have started operations throughout Bangladesh. As of November 2014, 696 MFIs possessed licenses from the Microcredit Regulatory Authority (MRA) of Bangladesh (MRA, 2014). In contrast, as of December 2008, 402 MFIs possessed licenses from the MRA (Yuge, 2011; MRA, 2009). The number of MFIs has increased significantly from 2008 to 2014 and it is a prognostication of an accelerated demand for further MFIs in Bangladesh. Further improving its micro-financing status in the world, the BRAC operates educational and microfinance programmes in nine countries across Asia and Africa, while also maintaining offices in 14 countries, including the USA and the UK. This institution has had a global influence as there have been many successful attempts at replicating its activities in other developing countries (Remenyi, 1997). Since its inception in 1976, the Rural Development Programme (RDP) of BRAC has organized over 3.3

million poor landless people through 90,250 village organizations. Accordingly, BRAC coordinates poor women and provides them with credit, training and other forms of necessary support through village organizations. Bangladesh is predominantly a rural and agrarian country, with a per capita Gross National Income (GNI) of about US\$750 (BES, 2010). Thirty nine percent of the rural population of Bangladesh are below the upper poverty line and 17.9 percent are below the lower poverty line (BBS, 2009). Traditionally, women in Bangladeshi villages have few rights, little choice about the courses of their lives and almost no opportunities to change their situations. Most women work for 14-18 hours a day in rural areas (BRAC, 1998). In addition to their immense involvement in household activities and child care, women participate in home-based agriculture to a significant extent, particularly with respect to poultry, animal husbandry and non-farm activities and they play a decisive role in maintaining food security for the family. In the economic literature, credit has been assigned the somewhat docile, passive role of being the lubricant or facilitator of trade, commerce and industry. However, credit, in reality, plays a more powerful economic, social and political role than the economists have generally acknowledged. Credit is a powerful weapon because anybody possessing this weapon is certainly better equipped to manage the process to personal best advantage (Yunus, 1987). The International Fund for Agricultural Development (IFAD) recognises that poor women have limited access to credit not only because of being poor but also because of several other constraints that are gender-specific (Mohiuddin, 1991), while credit availability had a positive role in increasing the participation of women in income earning activities (Rahman, 1996). Amin & Pebley (1994) pointed out that BRAC's microfinance programme had significant impacts on minimizing gender inequality within the household in terms of women's participation in decision-making and control over resources, women's attitudes and aspiration regarding marriage and the education of their daughters. Mallick (2002) criticizes the impact of microfinance on women in society and suggests that microfinance services can result in gender conflict in

Bangladesh. Hossain (2002) is quick to rebut Mallick (2002) and specifically addresses each of the assertions made and argues that the analysis is premature. Chavan and Ramakumar (2002) stated that NGO-led microfinance is an effective and financially viable alternative to the existing methods of addressing rural poverty though the provision of credit and reviews the available empirical evidence on the performance of microfinance programmes and institutions in several developing countries, before comparing them with state-led credit-based poverty alleviation programmes by institutions in India. The essence of credit programmes in Bangladesh is the contribution of NGOs such as Grameen Bank, BRAC, Proshika and Caritas. By the mid-90s, the credit programme developed in a pragmatic way. It has also been found that the special credit activities of government agencies are yet to reach the majority of the rural poor. By taking advantage of rural infrastructure, a few large NGOs disbursed 91% of the credit provided in the country (Khan, 2001). Underlying the emphasis on lending to women is the widespread belief that access to financial services empowers women, both financially and socially. To test this belief, Amin, Becker and Bayes (1998) used qualitative and quantitative evidence in Bangladesh to show that membership of microfinance programmes is among the factors that are positively related to women's empowerment. Mayous and Sinha (1998) observed that microfinance programmes for women are currently being promoted not only as a strategy for poverty alleviation but, also, for women's empowerment. Rahman and Khandaker (1994) found that the credit programmes of BRAC, Bangladesh Rural Development Board (BRDB) and GB had been successful in expanding self-employment opportunities among rural women. In India, more than 50% of the amount of borrowed loans was utilized for productive purposes. About 17% of the amount was spent on partially productive purposes and 32.5% of the amount had been spent on unproductive purposes (Nababhushanum & Halyal, 1989). Microcredit, a central theme of microfinance, is broadly recognised as "... the practice of offering small, collateral-free loans" to members of cooperatives who otherwise would not have access to the capital necessary to begin

small businesses (Hossain, 2002; Greene & Gangemi, 2006). Successful adoption and implementation of microfinance programmes in development organizations such as ACCION in the United States, ASA and BRAC in Bangladesh and BRI in Indonesia has further increased interest in the microfinance phenomenon (Navajas *et al.*, 2000). Commercial banks fail to cater to the credit needs of the poor for three main reasons. First, these banks require collateral, which the poor find difficult to provide. Second, their procedures for completing application forms and other formalities for obtaining loans are very cumbersome for the illiterate poor. Third, they prefer handling large loans rather than the petty loans that the poor need for efficiency reasons (Hossain, 2002). However, BRAC provides loans to these poor people without requiring any collateral. Chaudhury and Matin (2002) observed that overlapping loan problems are prevalent in Bangladesh. Currently, a one-year working capital group loan made to poor women with weekly repayment installments and little or no grace period is the bread and butter for most Bangladeshi MFIs (Meyer, 2002). Deheija, Montgomery and Morduch (2005) noted that high repayment rates are insufficient to drive the microcredit revolution. The interest rate on income-generating loans can be 20%, which is notably higher than the 8-10% rates offered by Bangladeshi commercial banks (Mallick, 2002). Based on a survey and comparing MFIs in Asia with those in Africa and Latin America, the study found that, in the 1990s, Asia accounted for the majority of MFIs that retained the highest volume of savings and credit and they served more members than any other continent (Lapenu & Zeller, 2001). Hence, they concluded that Asia is the most developed continent in the world in terms of volume of MFI activities.

This study is mainly concerned with poverty alleviation for rural women using the microfinance programmes of the Bangladeshi NGO BRAC. In this study, an attempt has been made to explore some major areas of women's involvement in BRAC's microcredit activities to determine the extent of poverty alleviation through microcredit provided by BRAC for its women beneficiaries. This study also

explores the problems faced by the women beneficiaries in receiving and utilizing microfinance loans.

## **2. Objectives of the Study**

The main focus of the study is to evaluate the role of BRAC, which is the selected microfinance institute in Bangladesh, in the poverty alleviation of its women beneficiaries. The following objectives are specifically formulated in order to give proper direction to the study:

- (i) To determine the extent of poverty alleviation through micro-credit as perceived by the women beneficiaries of BRAC;
- (ii) To explore the relationship between the selected characteristics of the respondents and the impact of microcredit on them;
- (iii) To identify the problems that the women beneficiaries face in receiving and utilizing the microcredit and
- (iv) To suggest eligible guidelines for policy implication to NGOs and GOs;

## **3. Materials and Methods**

### **3.1. Population and Sampling Design**

The woman beneficiaries who received credit from BRAC constituted the population for this study. Out of 18 villages in Hemayetpur union, three villages were selected, namely Nazirpur, Shibrampur and Kismatprotappur of Sadar Upazila of Pabna district. These three villages were selected because BRAC activities were more concentrated in there compared to other villages. A total of 205

women beneficiaries<sup>2</sup> were selected at random proportionally from the total of 442 women beneficiaries in these villages. A constraint was imposed on the size of the sample in that the research team was obliged to use its own resources without external support. However, since the credit strategy of BRAC is almost uniform throughout the country, it is claimed that the comparatively small sample will be representative of the population in the country overall to a reasonable extent.

## **3.2. Variables of the Study and Their Management**

In a project using descriptive social research, the selection of variables constitutes an important task. In this connection, the investigators looked into the literature to widen understanding about the nature and scope of the variables to be involved in the research. Departmental colleagues and concerned researchers in related fields were also consulted.

### **3.2.1. Independent Variables**

The characteristics of the women beneficiaries considered to be independent variables included age, education, farm size, family size, family income, degree of being cosmopolitan (i.e. belief in the benefits of diversification) and availability of BRAC microcredit, as well as the duration of involvement with it and attitude towards it.

### **3.2.2. Measurement of Dependent Variables**

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<sup>2</sup> Sample size computed by: 
$$n = \frac{NZ_{\alpha/2}^2 p(1-p)}{Nd^2 + Z_{\alpha/2}^2 p(1-p)}$$
; where N= Population size (442), z = standard normal deviance corresponding to 95% confidence interval (1.96); p= assumed proportion in the target population estimated to have a particular characteristic (0.5) and d = margin of error allowed (5%).

Poverty alleviation through microcredit provided by BRAC is considered to be the dependent variable of this study. Poverty alleviation was measured by using various statements and items relating to the improvement of standard of living standard for respondents. Fifteen statements<sup>3</sup> were selected for this purpose. A four point rating scale was used and the ratings were high, medium, low and not at all. The scores obtained to these responses were measured by summing the weights of all the responses. Although there are no universal poverty alleviation scores, by the trial and error method, the poverty alleviation scores of all the respondents were determined to range from 0 to 45 for the respondents in the study area, where zero (0) indicated no poverty alleviation and 45 indicated very high poverty alleviation.

### **3.3. Data Collection**

To collect data from the selected respondents, a household survey was conducted by the researchers. All possible efforts were made to explain the purpose of the study to the respondents. Before beginning the interview, the researchers took all possible care to establish rapport with the respondents so that they might not hesitate to furnish proper responses to the questions and statements in the schedule. The collection of data took 45 days and started at the beginning of February, 2012. The women beneficiaries who were interviewed during the pretest of the schedule were excluded from the sample.

### **3.4. Data Processing and Analysis**

Data obtained from the respondents were coded, compiled, tabulated and analysed in accordance with the objectives of the study.

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<sup>3</sup> The statements: are family income; fish culture; tree and fruit production; vegetable production; number of poultry; number of cattle; crop cultivation; education of family members; food and nutritional development; housing condition; health and sanitation; change of food habits; use of improved agricultural equipment; knowledge and skills and social status.

Quantitative data were converted into qualitative forms by means of suitable scoring whenever necessary and vice-versa when the situation demanded. Statistical measures such as observed frequency, percentage, mean, rank order, standard deviation and relevant confidence interval were used in describing the selected dependent and independent variables. For exploring the relationships between the selected characteristics of the rural woman and their poverty alleviation, correlation analysis and tests of significance based on correlation coefficients (t-tests) are performed. Assuming the variables under consideration are continuous, a stepwise forward selection procedure (Efroymsen, 1960) of a multiple linear regression model (DeFries & Fulker, 1985) has been adopted to trace the significant factors for poverty alleviation. A five percent (0.05) level of probability was used as the basis for rejecting any null hypothesis. These analyses were performed using the statistical software programme SAS version 9.2. Ethical issues related to the research study have been extrinsically followed in all appropriate dimensions.

## **4. Results and Discussions**

In accordance with the objectives of the study, findings have been presented in four sections. The first section explores the selected characteristics of the BRAC women beneficiaries. The second section deals with the extent of poverty alleviation through microcredit provision. The third section discusses the relationship between the selected characteristics of the respondents and poverty alleviation through microcredit provision. Finally, the fourth section relates to the problems in receiving and utilizing microcredit as perceived by the rural women beneficiaries questioned.

### **4.1. Selected Characteristics of the BRAC's Women Beneficiaries**

In this section, a brief summary of the measuring units, categories and distribution of the nine selected socioeconomic and demographic

characteristics are presented with basic statistics indicated at the 95% confidence interval.

In terms of education, 105 respondents (51.2%) could only sign their names, 65 (31.7%) had received primary level education and 35 (17.1%) had received secondary level education. In terms of farm size, 68 respondents (33.1%) were rated as small (0.11-0.5 hectares), 121 (59.0%) were medium (0.51-1.00 hectares) and 16 (7.8%) were large (more than 1.0 hectares). Various characteristics are summarised in Table 1 below.

Selected Characteristics	Number of Respondents (Percentage)	Mean	± SD
<b>Age (in years)</b>			
Young (<31)	158 (77.1)	26.9	±
Middle (31 – 45)	47 (22.9)	21.24	
Old (>45)	0 (0.0)		
<b>Education</b>			
Can sign only	105 (51.2)	3.4	±
Primary (Class i – v)	65 (31.7)	8.30	
Secondary and above (Class vi +)	35 (17.1)		
<b>Family Size</b>			
Small (<5)	114 (55.6)	4.56	±
Medium (5 – 6)	89 (43.4)	9.07	
Large (>6)	2 (1.0)		
<b>Farm Size (in hectare)</b>			
Marginal (<0.11)	68 (33.2)	0.28	±
Small (0.11 – 0.5)	121 (59.0)	1.92	
Medium (0.51 – 1.0)	16 (7.8)		
Large (>1.0)	0 (0.0)		

Yearly Family Income (in 000BDT <sup>4</sup> )		
Low (<41)	86 (42.0)	46.47 ±
Medium (41 – 60)	82 (40.0)	11.08
High (>60)	37 (18.1)	
Degree of being cosmopolitan		
Low (<6)	109 (53.2)	5.96 ±
Medium (6 – 10)	96 (46.8)	7.89
High (>10)	0 (0.0)	
Availability of BRAC microcredit (in 000 BDT)		
Low (<6)	19 (9.3)	
Medium (6 – 10)	151(73.66)	8.7 ± 5.86
High (>10)	35(17.07)	
Duration of Involvement with BRAC (years)		
Short (<3)	28(13.66)	3.46 ±
Moderate (3 – 4)	177(86.34)	6.27
Long (>4)	0(0.00)	
Attitude towards BRAC		
Unfavourable (<16)		
Undecided (16)	12(5.85)	18.93 ±
Favourable (>16)	9(4.39)	9.03
	184(89.76)	

**Table 1:** *Distribution of Selected Respondents of BRAC's Women Beneficiaries According to Different Statistical Measures; source: Original Research.*

According to the policy of BRAC, women aged 18-50 years are eligible for membership. However, the age of women beneficiaries was found to be 18-40 years' old with a mean age of about 27 years and standard deviation of 21 years. Table 1 illustrates that all of the respondents are either in the young or middle age groups. These

<sup>4</sup> BDT is the abbreviated form of Bangladeshi Currency. The Bangladesh Bank exchange rate (January 1<sup>st</sup>, 2012) was US\$1.00 = BDT 81.99.

young and middle aged respondents have, it is claimed, potential and enthusiasm to improve their living standards.

To assess the true picture of educational status of the women beneficiaries, information on this characteristic was collected in terms of single years. The respondent who could only sign their names are considered to have received one year of schooling. Based on their academic qualifications, the respondents were classified into three categories. From Table 1, it is observed that more than 51% of women can only sign their names and that there are no highly educated women. So, it can be stated that more than half of the respondents did not attend any formal school or academic institution.

More than 55% of respondents lived in small sized families and it is noted that the average family size of BRAC women beneficiaries is about 4.6, which is lower than the national average of 4.8 (BBS, 2002). This may be a sign of consciousness of the respondents regarding family planning and controlling the family size.

Most respondents (92.2%) had either marginal or small sized farms (less than 0.5 hectares). with an average farm size of 0.3 hectares, which is lower than the national proportion and average (BBS, 2002). According to BRAC policy, this credit programme is only for poor people not for the richer ones and the above findings suggest that BRAC properly follows its claim regarding microcredit programmes in this regard.

The family income of the BRAC women beneficiaries varies from BDT22,000-83,000 per annum, with the average income of about BDT46,500, which is very close to the upper limit of the confidence interval (BDT45,000-48,000). It is observed that, although the women beneficiaries of BRAC have less agricultural land, they generate more yearly income, which suggests that the beneficiaries are utilizing their loans in potentially higher income generating sectors.

The possible degree of being cosmopolitan score of the respondents ranged from 0 to 24, while the observed scores ranged from 3 to 9. The majority of the respondents (53.2%) had low cosmopolitan ratings and 46.8% had medium scores, with an overall mean score of about 6. Hossain (2002) found that 50.9% of the respondents have low cosmopolitan scores, 34.3% medium and the remainder high scores. Comparing the present study to this study, it is suggested that the rural women questioned are still contributing to the continuation of ruralisation.

The range of credit available to the BRAC women beneficiaries ranged from BDT5,000-13,000, with an average of BDT8,700. According to BRAC policy, the amount of credit depends on savings, duration of involvement with BRAC and the loan repayment performance of the beneficiaries. It is found that most of the respondents have low to medium income (about 82%) and medium level of duration of involvement (86.3%) with BRAC. So, the majority (73.7%) of respondents were medium level credit recipients.

Scores regarding attitude of the respondent towards BRAC are observed to range from 14-23, with a mean attitude score of about 19. It is observed that more than three-quarters of the beneficiaries show favourable attitudes towards BRAC and, thus, the existence of favourable attitudes among a large proportion of the respondents indicates a positive impact of the client's participation and appreciation of BRAC's activities.

## **4.2. Comparative Extent of Poverty Alleviation through Natural Processes and Microfinance**

The main focus of the study is to determine and describe the poverty alleviation of rural women under coverage of BRAC microcredit activities. Poverty alleviation measures improvements in standards of living. It is observed that the respondents experienced high, medium, low and no improvement at all in one or more of the 15 selected items

for alleviating poverty. Overall, observed poverty alleviation scores however, ranged from 10 to 36, with an average 19.5 and standard deviation of 10.7. By comparison, respondents were asked about the poverty alleviation variables before involvement with BRAC microcredit and the mean poverty score was found to be 13.2 with a standard deviation of 17.8.

Poverty Alleviation Range Score	Frequency (%age) Before	After	Mean Before	After
Low (up to 15)	165 (80.5)	70 (34.2)		
Moderate (16-30)	40 (19.5)	126 (61.5)	13.2	19.5
High (above 30)	0 (0.0)	9 (4.4)		

**Table 2:** *Distribution of Respondents According to the Extent of Poverty Alleviation Before and After Involvement with BRAC Microcredit Programmes; source: Original Research*

From Table 2, it is evident that more than 66% of BRAC beneficiaries have undergone poverty alleviation at up to moderate and high levels. Mean poverty alleviation scores support this contention. Comparing the poverty alleviation categories with means and standard deviations before and after connecting with BRAC microfinance programmes, it is observed that poverty is alleviated sharply after receiving a loan from BRAC. Nonetheless, after taking a loan, it appears that mean poverty scores have been decreasing along with decreasing standard deviations. From the value of rank correlation coefficients, it can be observed that the change in poverty alleviation between before and after involvement is highly and positively significant, which is also supported by the significant values of Chi-square statistics. Thus, BRAC microfinance programmes appear to be influential in causing these improvements.

### 4.3. Relationship between Profile Characteristics and the Extent of Poverty Alleviation

This study also includes an examination of the association of nine selected profile characteristics of the BRAC women beneficiaries with poverty alleviation and these are shown in Table 3 below.

Covariate	Value of Correlation Coefficient (r)
Age	-0.08
Education	0.49*
Family Size	-0.07
Farm Size	0.88**
Family Income	0.83**
Degree of Being Cosmopolitan	0.64**
Credit Availability	0.47*
Duration of Involvement with BRAC	0.46*
Attitude towards BRAC	0.48*

**Table 3:** Association between Selected Characteristics of Beneficiaries and Poverty Alleviation (Dependent Variable); source: Original Research

From the findings displayed in Table 3, it is observed that farm size, family income degree of being cosmopolitan show highly significant (at the 1% level) positive relationships with poverty alleviation, while the association is moderately positive significant (at the 5% level) for education, credit availability, duration of involvement and attitude towards BRAC. Sarkar (1998) and Islam (2002) have found similar results. This means that the BRAC women beneficiaries who have more education, larger farm size, more family income, greater degree of being cosmopolitan, more credit availability, longer duration of involvement and more positive attitude towards the organization are likely to enjoy more poverty alleviation, perhaps because they are more able to leverage benefits from loans. They might be able to

invest more in their areas of self-employment and, therefore, get more returns. Age and family size, on the other hand, are negatively correlated with poverty alleviation.

In this section of the analysis, a multiple regression model of poverty alleviation scores with respect to the abovementioned variables is introduced. A step-wise forward selection procedure to obtain the final model was used, as shown below (Table 4). The ANOVA results showed an F value of 283.2, which is statistically significant at the 1% level.

Variable	Estimated Parameter	Estimated Standard Error	t-value	p-value
Intercept	14.094*	5.729	2.46	0.020
Education	2.342*	0.602	3.89	0.000
Farm Size	6.671**	2.701	2.47	0.035
Annual Family Income	1.780*	0.503	3.54	0.015
Degree of Being Cosmopolitan	4.025**	0.525	7.67	0.000
Credit Availability	1.294*	0.434	2.98	0.026
Attitude towards BRAC	2.317**	0.264	8.79	0.000

**Table 4:** *Estimates of the Model Parameters, Their Significance Levels and Extent of Multicollinearity in the Final Model; source: Original Research*

Henceforth, the final fitted model after six steps appeared as:

$$P\hat{A}_i = \hat{\beta}_0 + \hat{\beta}_1(ED)_i + \hat{\beta}_2(FMS)_i + \hat{\beta}_3(FYI)_i + \hat{\beta}_4(CP)_i + \hat{\beta}_5(CA)_i + \hat{\beta}_6(AT)_i ; i = 1(1)205$$

Where  $\beta_0$  is the intercept of the model, indicating the extent of poverty alleviation without the effects of the six factors and

$\beta_j$  ( $j=1, 2, \dots, 6$ ) represents the extent of poverty alleviation in the presence of related factors.

Thus, the model with estimated parameters becomes:

$$\hat{PA}_i = 14.094 + 2.342(ED)_i + 6.671(FMS)_i + 1.780(FYI)_i + 4.025(CP)_i + 1.294(CA)_i + 2.317(AT)_i ; i = 1(1)205$$

It was observed above that the final fitted model is highly significant (1% level). The p-values revealed that all parameters of the fitted model are significant either at the 1% or the 5% level of significance. The estimates of the coefficients of related parameters indicate that the poverty alleviation score is increased on average by 2.34, 6.67, 1.78, 4.03, 1.29 and 2.32 units for a unit increase in respondent's education, farm size, annual family income, degree of being cosmopolitan, credit availability and attitude towards BRAC. The value of the multiple coefficient of determination suggests that more than 87% of the total variation present in the poverty alleviation score is explained by the six factors included in the optimum fitted model. From the magnitude of variation inflation (Marquardt, 1970) in Table 4, it is also evident that there is a little extent of multicollinearity among the variables but this level is acceptable as all the variance inflation values are less than 10.

#### **4.4. Problems Faced by the Beneficiaries in Receiving and Utilizing Credit**

During data collection, women beneficiaries were asked to mention the problems they encountered in receiving and utilizing credit from BRAC. Various comments were received and are presented below, although they could not be externally triangulated because of the lack of related literature concerning Bangladesh. The problems mentioned by the respondents are arranged in rank order of number of responses in Table 5. Since the nature and scope of each problem is different and

the respondents are facing more than one problem regarding micro-credit mobilization, multiple responses were invited. The respondents were asked to indicate any four major problems which they have encountered. An  $\alpha$  - reliability value 0.896 indicates that extracted problems cover about 90% of the entire set of problems faced. Though this coverage is satisfactory, there might be other problems which have yet to be identified.

Problem Faced	Frequency	%age
New loan is not issued until final repayment of previous loan	193	94.2%
Not getting credit at the time of necessity	186	90.7%
Unable to use loan properly	144	70.2%
Misuse of credit by buying household goods instead	123	60.1%
Insufficient amount of credit received related to demand	61	29.8%
Religious prejudice	58	28.3%
Abuse of credit	51	24.9%
Amount of loan provided related to savings with BRAC	49	23.9%
False propaganda made by local uncertified Mufti ( <i>Fatuabaj</i> )	26	12.7%
High rate of interest	23	11.2%

**Table 5:** *Problems Faced by Respondents in Receiving and Utilizing Credit; source: Original Research*

More than 94% of the respondents reported that a new loan is not issued until final repayment of the previous loan has been made and this problem is the most commonly reported. The next most common problem is not receiving credit at the time of necessity. The third problem is failure to use the loan properly. This problem was reported by more than 70% of the respondents. About 60% of beneficiaries have given testimony that they misuse the credit by buying regular household goods and services instead. More than half of the

respondents could not answer the interest rate related question. This may be due to illiteracy among respondents or due to ambiguity in calculation of interest rates by the credit provider. Amusingly, it is observed that though many of the problems faced in receiving and utilizing the credit from BRAC are created by the beneficiaries themselves, BRAC cannot overlook the problems of its stakeholders. BRAC is supposed to identify problems through dialogue with its recipients and should try to find out possible solutions to all these problems for the betterment of its beneficiaries and for the organization itself.

## **5. Conclusion**

On the basis of the findings and their interpretation in the light of other relevant facts, the following conclusions have been drawn. Owing to participation by rural women in BRAC's microcredit activities, changes leading to poverty alleviation have been taking place to varying extents. Three changes have been found to be most significant in this connection and these are changes in housing conditions, improvements in family health and housing sanitation and changes in food habits. A large portion of the beneficiaries belonged to either the medium or low poverty alleviation category and these should be converted to the high poverty alleviation category as far as possible. It will be difficult to eradicate poverty of rural women if BRAC does not support programmes increasing literacy among those women. The family income of the rural women and their poverty alleviation shows a significant positive relationship. Until appropriate efforts are made to increase the family incomes of the rural women concerned, their poverty alleviation will remain a distant goal. The degree of being cosmopolitan for rural women had a significant relationship with poverty alleviation, which indicates that the two variables are positively correlated. There is scope to accelerate poverty alleviation by enhancing credit availability. Respondents having longer periods of attachment with BRAC and favourable attitudes towards the institution are more likely to have higher poverty

alleviation. Henceforth, motivational activities and various training programmes may increase favourable attitudes towards and connections with BRAC. More than 50% of the respondents individually reported that they are facing four foremost problems and these are that a new loan is not issued before full repayment of any former loan, not receiving the loan when it is required, improper utilization of a loan received and using loans for fulfillment of family needs. A significant proportion of the respondents are ignorant about the rate of interest on the loan received. Consequently, credit is a dilemma between beneficiaries and BRAC because the calculation procedure of the repayment rate is not clear. The stepwise forward multiple linear regressing model of poverty alleviation showed a highly significant result with a high coefficient value of determination which indicates is a good representation of model fit. The demographic characteristics of the respondents associated with poverty alleviation have been clearly established.

## **6. Recommendations**

On the basis of findings of the study with respect to the present and past literature, the following guidelines which may be helpful for the policy makers of GOs and NGOs regarding the microfinance economic system are recommended.

(i) Observed changes in 15 determinants are not unidirectional regarding change and, in some cases, the changes were not satisfactory at all. Consequently, it is suggested that the reasons behind poverty alleviation with respect to the demographic characteristics of the women involved should be understood.

(ii) Credit is an important input which supports other inputs leading to higher productivity and income for rural women. It is, therefore, recommended that a sufficient amount of credit should be provided on a timely basis to beneficiaries at low interest rates with simple terms and conditions.

(iii) The BRAC should adopt new policies for women beneficiaries to receive new loans when they need them without considering the final repayment of any previous loan but by negotiation on the basis of practical aspects.

(iv) Beneficiaries should be allowed more time to return the money after receipt. If not, they have a tendency to borrow more money from local money lenders (*Mohajan*) so as to return the BRAC's loan as per the schedule. This is a barrier that could prevent BRAC from reaching its objectives in this regard.

(v) Education of the rural women showed a significant positive relationship with poverty alleviation. It is, therefore, recommended that the aforesaid institution needs to take steps to promote wider literacy programmes in order to accelerate poverty alleviation among these women.

(vi) BRAC should take effective steps for increasing the income of rural women by creating gender-sensitive opportunities for relevant income generating sectors.

(vii) All ten problems noted in receiving and utilizing microfinance deserve to be addressed by organization personnel. It is, therefore, recommended that the BRAC should try to solve these problems so as to further their own goals.

(viii) Since women having favourable attitudes towards the organization are more likely to receive benefits from microcredit, motivational work and various training programmes should be strengthened to enhance the prevalence of such attitudes.

(ix) For better modelling, more should be done to understand relevant demographic characteristics of respondents in countries such as Bangladesh.

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# **Turnover of Teachers and Students' Learning Achievements in Private Secondary Schools in Abeokuta Metropolis of Ogun State, Nigeria**

A.A. Adekunle and T.D. Oke

## **Abstract**

*This study examined the turnover of teachers in relation to students' academic achievements in private secondary schools in Abeokuta Metropolis of Ogun state, Nigeria. Three hypotheses guided the study. A descriptive survey research design was employed for the study. The sample comprises 300 participants, made up of 100 teachers and 200 students selected from ten government-approved private secondary schools using simple and stratified random sampling techniques. A self-constructed questionnaire and achievement tests drawn in the general subjects of English language, mathematics and computer studies (ICT) were used for data collection. Data obtained were analysed using Chi-square, T-test and Pearson Product Moment Correlation techniques. The results of the analyses indicated that the turnover of teachers had significant influence on students' learning achievements. It was also found that the intention to leave teaching was higher among non-professional teachers than among professionally trained teachers. Conditions of service were also found to contribute to teachers' turnover. Based on the findings of the study, it is recommended that only those who are professionally qualified should be recruited as teachers, while there should also be some improvement in the conditions of service for teachers at every level and sector.*

**Keywords:** *academic achievement, education, Nigeria, teachers, turnover*

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## 1. Introduction

Education is the aggregate of all the processes by which a child develops personal abilities, attitudes and other forms of behaviour, which are of positive value to the society in which the child lives. Education increases the output of labour, improves health and enables people to participate actively in the development of their society. History has proved that true development and education cannot be divorced from each other. Perhaps it is in recognition of this that the National Policy on Education (NPE) (Federal Republic of Nigeria) (FRN) (2004) describes education as an instrument “par excellence” for effecting national development. Provision of education has witnessed active participation by non-governmental agencies, communities and individuals as well as the government itself.

Education, as the bedrock of development of any nation, state or community, cannot be effective in the absence of qualified and dedicated teachers. The NPE (*ibid.*) in recognition of the functional relationship between the quality of teachers and development of education, states that “... no education system may rise above the quality of its teachers.” Consequently, the policy document appreciates the fact that the teacher is the major determinant of educational quality and to achieve high quality education, all teachers in the education industry should be professionally qualified and committed to the job.

Over the years, teachers of different background, training and qualifications have dominated the teaching profession in Nigeria. With the emergence of new job opportunities, the teaching profession began to lose the best of its brain. Consequently, those who could not get a better job remained in the profession, while new entrants use it as a stepping stone. Others who were not professionally trained to teach but could find no better alternative joined the teaching professions. The resultant effect of all these changes was the much discussed falling standard of education (Oluchukwu, 2005).

Adekunle (2007) observes that the low prestige and reward which teachers obtain from their occupation has contributed to the diversion of their energies and their interest away from the fulfillment of their occupational functions. In the same vein, Alani (2005) maintained that it is a common occurrence in Nigeria for teachers to drop out of teaching and opt for other jobs and that many of those that are still in the profession are using it as stepping stone to other career paths. There is also the belief that many graduates are in the teaching profession today because they could not secure places elsewhere. Some of them join the profession as a last result and, once they find a more lucrative job opportunity, then they opt out of teaching.

In spite of the indispensable need for teacher retention and stability in schools, their turnover rate has been on the increase, especially in private schools. Obanya (2005) found that the average teacher-pupil ratio for Nigerian schools stood at 1:30, as prescribed by the National Policy on Education (FRN, 2004) but that only four states had a ratio of between 41 and 60 students in their secondary schools, while the 32 others had above 60.

As a measure to attract and retain teachers in the teaching profession, the Federal Government set up the Teachers' Registration Council to regulate and control the practice of the profession. The National Policy on Education (*ibid.*) states that, in order to improve the quality

of education at both primary and secondary levels, efforts would be made to:

- (i). appoint academically and professionally qualified persons as teachers and head teachers and
- (ii) regulate in-service training programmes for teachers and head teachers.

The above measures notwithstanding, the increase in turnover rate in Nigerian schools is still taking place. It is against this background that this study examines the relationship between teachers' rate of turnover and students' academic achievement levels in private secondary schools in Abeokuta Metropolis of Ogun State, Nigeria.

## **2. Review of Related Literature**

In the context of this study, teacher turnover can be in the form of teacher demand and supply in schools as well as teachers' withdrawal or resignation from teaching. Turnover is a phenomenon that can be considered from different perspectives, depending on the subject in question. Among teachers, turnover refers to the rate of departure among staff engaged in schools for a given time frame or period.

The issue of staff turnover poses a very serious problem with critical effect on both the individual and the government, no matter the angle from which the problem is considered. Consequently, to the individual teacher, turnover involves some definite loss of earnings which would have accrued if the individual were otherwise engaged. This is particularly of consequence in the Nigerian context since such loss of earnings carries along with it a chain of adverse externalities, such as inability to live up to the expectations of the extended family. Closely related to this is lack of adequate health care as a result of lack of employment since former employers cannot be liable for this in a situation where government provision is grossly inadequate. From the

government perspective, staff turnover is a problem of even greater importance.

Empirical evidence has shown that there is a link between teachers' rate of turnover and students' academic achievements. Murnane and Steele (2007) found that teacher shortages and the demand for substitute teachers have plagued the American school system. School districts with high turnovers often respond to shortages of effective teachers at the prevailing wage not by leaving teaching positions vacant but by filling them with ineffective teachers.

Similarly, Darling-Hammond and Skye (2003) posited that the excessive teachers' turnover in low income urban communities appeared to have an impact on students' achievements. By the same token, Colgan (2004) found that the continuous provision of substitute teachers in the classroom has contributed to the instability and low quality of instruction, the resultant effect of which is low student performance. Consequently, staffing classes with substitute teachers who frequently change and who are insufficiently prepared may cause curricular inconsistency, since no teacher supply strategy will ever keep schools staffed with good quality teachers, unless the turnover rates are reversed.

Nwokorie (1991) found that the problem of providing a stable teaching staff in Lagos state secondary schools is intensified by the fact that Lagos and its environment offer job opportunities outside the teaching profession for those waiting to join other jobs. Similarly, Guarino, Santibanez and Daley (2006) observed that the supply of teachers is premised on the fact that the retention of teachers will be made easier if teaching as a profession is made attractive more than alternative professions. This attractiveness is determined by the conditions of service and how easy it is to become engaged as teachers.

A study by Habib, Mukhtar and Jamal (2012) shows that a number of instructors decide to quit the job due to lack of career advancement and development chances in the teaching field, especially in private institutions. In addition, school rules and regulations and management styles, wages and working environment have key impacts and, because of these reasons, the teachers intend to quit their jobs. Advancement in this regard is discussed in terms of growth and it involves career growth, promotion, knowledge, skills, learning, training and development opportunities.

Motivation is one of the factors that forces teachers to quit because of their dissatisfaction with the job. In addition to this, most of the private schools have younger teachers with less experience and may lack effective policy that would benefit teachers in the disengagement stage of their career, such as retirement plans, insurance policy and adequate reward system.

When employees leave any organization, this might have some effects on the organization, as finding the right replacements might not be easy and induction and training costs of new employees can also be high. Within higher educational institutes, employee turnover is a severe issue and the cost can be very high when new staff is inducted because employees with greater competency levels and knowledge are important assets that are not easy to find and this affects the academic and research activities of any organization going through the problem of high turnover. Quitting during the semester has a high impact as it is difficult for universities to arrange for a replacement having the same or higher competency level and for students to adjust to the new teacher and the relevant teaching methodology. Employee turnover is an extensively studied fact due to its severe nature, which needs to be addressed. Owing to sudden teacher turnover, the students can suffer psychologically while their motivation and performance decreases.

There is little doubt that there is a close relationship between stability in the teaching profession and the efficiency of the educational

system. If experience on the part of the teacher contributes in general to increased efficiency in the classroom, a large turnover is certain to produce a poorer educational stability (Adesina as cited in Adekunle, 2007). As observed by Love and Kritsonis (2008), each time that a teacher finds a position in a new school, time is required to adjust to the new school environment. During the adjustment period, the teacher is evidently working at a lower level of efficiency. Fully adjusted, the teacher may then discover that the school does not provide the right fit. Time and money are wasted. In the end, it is the students that suffer the most.

Ronfeldt, Loeb and Wyckoff (2012) found that teacher turnover rates are high, particularly in schools serving low-income, non-white (in the context of the USA) and low-achieving student populations. Nationally, about 30% of new teachers leave the profession after five years and the turnover rate is 50% higher in high-poverty incidence schools as compared to more affluent ones. Teacher turnover rates also tend to be higher in urban and lower-performing schools.

Researchers and policy-makers often assume that teacher turnover harms students' learning. There are many reasons to think this would be the case, as institutional memory is lost and resources are spent on the hiring process. On the other hand, the organizational management literature has demonstrated that some amount of turnover may in fact be beneficial to institutions and individuals. Institutional turnover can, for example, result in better person-job matches and the infusion of new ideas into organizations (*ibid.*). To this point, Jackson (2010) demonstrated that poor person-job matches predict migration and that teachers tend to be more productive in their new schools. The institutional benefits of turnover can be enhanced if it is the less effective employees who leave.

There exists little empirical evidence for a direct impact of teacher turnover on student achievement (Guin, 2004; Ingersoll, 2001). Most existing research on the relationship between teacher turnover and

student achievement has revealed negative correlations. For example, Guin (2004) studied 66 elementary schools in a large urban district to look at the relationships between school-level turnover and the proportion of students meeting standards on statewide assessments in reading and mathematics. Pearson correlation results were statistically significant and negative in sign, indicating that schools with higher turnover had lower levels of achievement. These results are consistent with other correlational evidence showing schools with more teacher turnover tend also to have lower achievement levels (Boyd *et al.*, 2011; Hanushek, Kain & Rivkin, 2004). Such evidence, though, is not necessarily causal, as a third factor (for instance, poverty, working conditions or poor school leadership) may simultaneously cause both low achievement and higher turnover. Even if it is assumed that the relationship is a causal one, its direction is unclear: teachers leaving may cause low achievement but low achievement may also cause teachers to leave. This study attempts to present the best, pseudo-causal estimates for the direct effect of teacher turnover on student achievement levels.

From the foregoing, if teaching experience is crucial to students' academic attainment, then when teachers do not stay long before moving to another occupation, the quality of education is bound to be adversely affected. Education is an industry that depends on the stability and good quality of its staff. A good teacher becomes even better the more experience is accumulated in the classroom. So, if teachers can be retained as long as possible in the system, it will be better for the system and as a matter of fact it will enhance the quality of education provided.

## **2.1. Statement of the Problem**

It is the broad goal of secondary education in Nigeria to prepare individuals for productive living within society and for higher education.

This may not be possible without an adequate supply of competent individuals who are willing and able to serve as teachers. However, it has been observed that the rate of teacher turnover in the school system is alarming. Despite some measures entrenched in the National Policy on Education (FRN, 2004) in order to ensure stability and the retention of teachers in the teaching profession, from all indications this appears to be futile currently.

The question now is what factors could be responsible for this? It appears that some teachers are not willing to teach or remain in the profession due to lack of motivation, sheer want of devotion, commitment and lack of appreciation of their worth by society as a whole, which is evident from the low public image of teachers in Nigeria. There are those who withdraw from teaching for reasons of marriage, general dissatisfaction with the profession, the desire to enter another type of work largely because of the financial attraction offered, death, retirement or failure on the job.

The resultant effects of all these appear to be low standards of education or declines in the performance of students, especially in those subjects affected by the teacher turnover. This study, therefore, examines these issues as they affect private secondary schools in Abeokuta Metropolis of Ogun State, Nigeria.

### **3. Methodology**

#### **3.1. Purpose of the Study**

This study sought to:

- (i) Examine the influence of teacher turnover on students' learning achievements.
- (ii) The difference in intention to leave teaching between professional and non-professional teachers.

(iii) The relationship between conditions of service and teacher turnover.

### **3.2. Research Hypotheses**

The following hypotheses guided the study (stated in null format):

(i) There is no significant influence of teacher turnover on students' learning achievements.

(ii) There is no significant difference in intention to leave teaching between professional and non-professional teachers.

(iii) There is no significant relationship between conditions of service and teachers' turnover.

### **3.3. Significance of the Study**

This study will contribute towards empirical research in the area of demand for and supply of teachers, especially in private secondary schools. It will also shed light on how to increase retention rates of teachers in private schools. The study will also aid educational administrators and planners in making policy decisions on matters concerning teachers' turnover rate and stability in schools. Further, it will enable the proprietors and managers of private schools to consider more accurately teachers' welfare and, hence, the provision of fringe benefits, so as enhance their retention rates.

### **3.4. Research Design**

This research project adopted a descriptive survey design. This choice is anchored on the fact that the study is primarily concerned with the collection of data for the purpose of describing and interpreting existing conditions of the population using the variables under study.

### **3.4.1. Population of the Study**

The population for this study comprised teachers and students in all government-approved private secondary schools in Abeokuta North and Abeokuta South Local Government Areas of Ogun State, Nigeria.

### **3.4.2. Sample and Sampling Techniques**

The sample for the study comprised 300 participants made up of 100 teachers and 200 students selected from ten government-approved private secondary schools from Abeokuta North and Abeokuta South Local Government Areas, using simple and stratified sampling techniques. The stratification was based on school location, gender and qualification.

### **3.4.3. Research Instrument**

Two instruments were used for data collection; these were a self-developed questionnaire entitled “Teachers Turnover Questionnaire” (TTQ) and Students’ Achievement tests. The questionnaire contained 15 items patterned along the modified Likert four-point rating scales of strongly agree, agree, disagree and strongly disagree. The achievement test is made up of 20 items each from the subjects of English language, mathematics and computer studies (ICT).

### **3.4.4. Validity and Reliability of Instrument**

To ascertain the extent to which the instruments measure accurately the factors they claim to measure, the questionnaire was subjected to face and content validity by experts in educational administration and research methodology in the University of Lagos, Nigeria. The experts ascertained that some of the items needed certain modifications. All the necessary corrections were effected; this process, therefore, validated the questionnaire. The reliability of the questionnaire was determined through a pilot study using a test-retest method. The instrument was administered on different respondents from the ones

used for the main study on two occasions within an interval of three weeks. The two sets of scores were analysed using Pearson Product Moment Correlation and a coefficient of 0.81 was obtained. This was adjudged to be reliable.

The achievement tests were considered to be valid and reliable since they were adopted from past used in questions on the Unified Examinations for secondary schools in Ogun State and they have passed through appropriate processes administered by the state Ministry of Education, Science and Technology.

#### 4. Data Analysis

The first hypothesis was presented as: There is no significant influence of teachers' turnover on students' learning achievements. The Chi-square statistical tool was used to analyse the data and the result is presented in Table 1.

Teacher Turnover Rate	Good Learning Achievement	Average Learning Achievement	Poor Learning Achievement	Total
High	14 (22.8%)	19 (28.0%)	53 (35.3%)	86
Moderate	18 (16.2%)	24 (19.8%)	19 (25.0%)	61
Low	21 (14.1%)	22 (17.3%)	10 (21.7%)	53
Total	53	65	82	200

**Table 1:** *Teachers' Turnover and Students' Learning Achievements;* source: *Original Research (p = 0.05\*)*

The results in Table 1 show that the value of  $\chi^2$  calculated (28.81) is greater than the value of  $\chi^2$  critical (9.49) at 4 degrees of freedom and 0.05 level of significance. Consequently, the null hypothesis is rejected. It then indicates that there is a significant influence of teachers' turnover on students' learning achievements.

**Hypothesis Two:** There is no significant difference in intention to leave teaching between the professional and non-professional teachers. An independent t-test was used for data analysis in this case and the results are presented in Table 2.

Variable	N	Mean	Standard Deviation	DF	t- calculated	t- critical
Professional Teachers	46	26.8	5.9	98	3.00	1.97
Non-Professional Teachers	54	30.4	6.1			

**Table 2:** *T-test Comparison of Intention to Leave Teaching between the Professional and Non- Professional Teachers; source: Original Research (P < 0.05)*

Examination of the data in Table 2 reveals that the value of t-calculated (3.00) is higher than the value of t-critical (1.97) given at 98 degrees of freedom and a 0.05 level of significance. The null hypothesis is hereby rejected. This then suggests that there is a significant difference in intention to leave teaching between professional and non- professional teachers.

**Hypothesis Three:** There is no significant relationship between conditions of service and teachers turnover. The Pearson’s Product Moment Correlation Coefficient was used to analyse the data and the results are presented in Table 3.

Variable	N	Mean	Standard Deviation	DF	r- calculated	r- critical
Conditions of Service	100	31.2	10.5	98	0.4	0.2
Turnover of Teachers		28.1	10.7			

**Table 3:** *Correlation between Conditions of Service and Teachers’ Turnover; source: Original Research (P < 0.05).*

Table 3 indicates that the value of  $r$ -calculated (0.33) is higher than the value of  $r$ -critical (0.20) given at 98 degrees of freedom and the 0.05 level of significance. Consequently, the null hypothesis is rejected and this indicates that there is a significant relationship between conditions of service and teachers' turnover rate.

## **5. Discussion of Findings**

In Table 1, the result of the analysis showed a significant relationship between teacher turnover and students' learning achievements. This means that the rate at which teachers are changed will influence the academic performance of students. This is in line with the finding that students' performance in mathematics, English and some other core subjects has been in decline due to the instability of teachers teaching the subjects. In the same vein, Naz, Bagram and Khan (2012) found that the effects of teacher turnover on students are in terms of their performance, psyche and motivation.

In Table 2, the result of the analysis indicated a significant difference in teachers' intention to leave teaching between professional teachers and non-professional teachers. This means that the tendency to want to leave teaching was higher among the non-professional teachers. The likely reasons for this result hinge on the fact that the non-professional teachers entered into teaching as a stepping stone. These are the teachers who did not study education and found themselves in teaching; in such people, there is likely to be limited levels of commitment and they are ready to change their job when the opportunity arises. This supports Osarenren and Oke (1998), who found that the non-professional teachers did not consider their entry into the teaching profession to be a permanent one, so they are not usually ready to sustain or retain it even when no other opportunity is forthcoming. They still tend to have the desire to change their occupation one day.

In Table 3, the results showed a significant relationship between conditions of service and teachers' turnover. This means that the work environment, as evident in the salary and other fringe benefits, as well as how conducive the administrative atmosphere of the school system is, will have an influence on the attrition rate of teachers. This supports the views of Adekunle (2007) that the low prestige and rewards which teachers receive from their occupation have contributed to the diversion of their energies and interest away from the fulfillment of their occupational functions. As a result of which, some of these teachers are dropping out of teaching and opting for other jobs.

## **6. Conclusion and Recommendations**

Based on the findings of this study, it could be concluded that the conditions of service, as evident in the salaries, other fringe benefits and the administrative styles in most private secondary schools, were not encouraging. Hence, the retention rate of teachers is low. It is equally established that frequent changes of teachers have implications for the academic achievements of learners, since a lot of time might be required before such students could adjust to the style of the new teacher.

Also, the tendency of the non-professional teachers to wanting to leave teaching is higher than those who do not possess the professional wherewithal to engage in teaching in the first instance. It is, therefore, the responsibility of educational managers and institutional administrators to be seriously concerned with the issue of teacher turnover, especially in private schools.

On the basis of the findings of this study, the following recommendations are considered appropriate:

(i) The professional status of teaching should be enhanced. Consequently, only those who are qualified should be employed to teach in schools, both public and private.

(ii) There is a need for the conducting of intensive interviews for recruitment into teaching. This is to ensure that the right personalities, who will be committed and conscientious, are appointed to teach in Nigeria's schools.

(iii) The conditions of service for teachers should be improved upon. Salaries, allowances and other incentives should be made more attractive. Teachers should, therefore, be treated as professionals with a separate salary structure from civil servants.

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## **OPINION PIECE**

# Can Quasi-Governmental Organizations in ASEAN Enhance the AEC Roadmap? A Critical View of Collectivist Cultures

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Can quasi-governmental organizations become a magic stick that fosters the integration of the Association of Southeast Asian Nations (ASEAN)? The answer is a conditional “Yes.” Despite the author’s belief that, in most paradigm shifts, there will undoubtedly be unknown risks and challenges associated with such change, the critical view offered in this paper might be worth considering.

Apparently, it is insufficient to discuss in meetings, conferences and seminars general trends in ASEAN to achieve the ASEAN Economic Community (AEC). Endeavours to build a free trade area or an economic community are very costly and perhaps unsuccessful unless efforts are directed towards deepening the people’s perceptions of the significance of such integration across the nations of the region. In other words, although the AEC is part of a government-led agenda, it cannot be accomplished without full engagement from the public. Hence, the strategy, paradigm and argument proposed in this paper is that it is necessary to build and promote quasi-governmental organizations in all sectors to make ASEAN become a people-oriented rather than a government-oriented venture. The rationale or the major reason for this school of thought is that governments alone cannot achieve anything without their societies’ involvement and willingness to change. Unsurprisingly, this form of quasi-government is a controversial topic. For those who support this trend, their primary

objective is to foster performance and outputs. Alternatively, sceptics would perceive a quasi-governmental approach as a bluff for stripping or eliminating power capacity from governments. Hence, it can be said that those advocating ordinary public laws would be reluctant to adopt such a paradigm, whereas those favouring entrepreneurial approaches would place a high value on quasi-governments. According to Cavadino (1995:58), “Governments can insulate themselves from criticism by hiding behind bodies which are purportedly independent but which are in reality government-controlled, thus exerting power without responsibility.”

At present, monitoring and disseminating data on regional economic integration is largely driven by political motives and incentives (i.e., the need for national governments and ASEAN to demonstrate considerable progress towards the execution of the AEC) (Diaconescu, 2013). Arguably, this new era requires political schools of thought alongside with social and public schools of thought in order to (a) reach common ground and minimize or eliminate any conflicts that might occur between governments and civilians and (b) eliminate public complaints about obstacles confronted by such integration in the region. However, this might be easier said than done. Transforming organizations into quasi-governmental organizations in all sectors in ASEAN states (which are mostly collectivist cultures), requires a strong political will to sacrifice power and to gain maximum involvement from their societies, which would consequently accelerate ASEAN economic integration. Consequently, building and enhancing such a platform for quasi-governmental organizations requires a commitment to openness. Governments that suppress civilians’ freedom because of security threats, terrorism, emergency laws or other justifications would not foster the culture of openness and innovation which would be strongly required to make progress towards AEC integration. It can be argued that most collectivist cultures hold sacred the authoritarian leadership style and so delegation of responsibilities in ASEAN states seldom takes place. Consequently, it is fundamental to (1) define what a quasi-

governmental organization is and (2) reveal the benefits associated with the adoption of such a paradigm.

First, a quasi-governmental organization can be defined in several ways. For example, Kosar (2011) described the term in two ways: (1) the terrain that putatively exists between the governmental and private sectors and (2) entities that have some legal relation or association. Kosar (2011) assumed that the current reputation of the quasi-government option is due to major factors at work in the political realm. These are: the desire to avoid creating another federal bureaucracy; the propensity to develop new sources of revenues; the inclination towards exemption from central management laws, particularly statutory frameworks on personnel and compensation; the current appeal of generic, economic-focused values as the basis for a new public management and the belief that management flexibility necessitates entity-specific laws and regulations even at the expense of less accountability to representative institutions. The author of this paper believes that the term is used to describe institutions that rely on government budgets and are managed privately. In other words, some quasi-governmental institutions are financially dependent on their governments, while other institutions finance their operations independently or through profitable commercial activities. Hence, a quasi-government organization can be described as having a mixture of characteristics from both the public and private sectors. In this paper, the term quasi-government refers to the former context. They are, technically, public entities and often exercise public powers but they remain relatively independent of the government that founded them (Cummings, Baxandall & Wohlschlegel, 2010). In short, the main characteristics of quasi-autonomous organizations is that they are not part of the central administration, they benefit from some kind of autonomy and they operate at arm's length from governments. Attention has so far focused mainly on Northern European and Anglo-Saxon countries and little work has been done on these quasi-autonomous organizations in Southern Europe (Allix & Van Thiel, 2005) or further afield.

Second, among the various advantages of quasi-government organizations, Margetts and Dunleavy (2013) stated the following: (a) *disaggregation* involves splitting up large bureaucracies; (b) *competition* moves away from bureaucratic monopoly providers and introduces alternative suppliers via mandatory competition, outsourcing, strategic review and quasi-markets and (c) *incentivization* emphasizes the need to design economic or financial motivations for actors or organizations forcing them to make the best use of time, assets and resources. Other advantages involve the creation of independent administrative authorities and government entrepreneurs rather than government employees. Arguably, ASEAN governments need to look for ways that could create change agents in all sectors and institutions rather than just developing employee competencies, commitment and loyalty as a means of stepping towards the accomplishment of the AEC. In addition, economists have used the term quasi-government organizations and argued that they contribute to the public sector economy.

## **Caveats**

As a caveat, this paper does not address the full scope of relevant information with sufficient clarity to develop and communicate this rationale credibly in the context of ASEAN states. Nonetheless, this paper can at least serve as an inspiration for constructing a new AEC paradigm. Hence, questions remain about the fundamental components of rationale. How much of the rationale should be made explicit? Who should construct and consume this rationale? What are the likely effects of clarifying this rationale? The first step towards answering those questions is formally to define rationale and rationale clarity in an AEC design context (Chachere & Haymaker, 2010). Undoubtedly, there are many rationales for creating quasi-governmental institutions. Nevertheless, the legitimacy of this approach needs to be investigated and measured carefully to accomplish the desired objectives. Otherwise, such an approach can

increase the level of corruption, human rights abuse and the crime rate in a particular society.

Another caveat is that expectations and demands for control would vary greatly from one organization to another, as well as from one government to another in the Southeast Asian region. To guarantee a major change in all governmental bodies in the region through the adoption of this approach, ASEAN governments should grant a probation period for selected institutions to measure all the challenges involved and capitalize on the success that has been achieved. Moreover, if some or all ASEAN governments decide to leave ASEAN matters to foreign interference or foreign powers to solve, it would cost ASEAN countries substantial losses, not only economically but, also, politically. To be optimistic about achieving the AEC vision, there should be consideration of 21<sup>st</sup> century skills, new challenges and a new ASEAN system that has not previously been considered. In other words, being optimistic through substituting the old with the new would be inadequate to transform the region as it might be desired.

ASEAN governments should make decisions that make their people feel that changes have been made and, meanwhile, comprehend the additional changes needed to step forward. This era requires courageous leaders who are not easily shaken by difficulties or threats and are competent enough to make change a possibility. Importantly, ASEAN governments need consensus in the case of certain controversial issues that would guide them throughout the journey to the future. Additionally, "... the institutional structure, legal basis, constitutional framework, and political culture, combined with the nature of the political initiatives, shape the reform space of the different countries." (Greve, Flinders & Van Thiel, 1999:144). A number of scholars and researchers are working hard at scrutinizing, presenting and resolving the challenges of the AEC in the scholarly literature; however, the application of their efforts remains inadequate in making a significant shift from the past. From the author's point of

view and with respect to the governmental sector, their model(s) of management will remain based on laws and accountability structures, not on efficiency or other values, if trends (e.g., quasi-governmental organizations) and maximum involvement of the public do not take place.

Above and beyond this, it is necessary to decide action plans for each state and deliver results in a timely manner. If time issues are not incorporated into action plans, as a prerequisite, the AEC might occur decades late or even end up as an illusion. Finally, any solutions or new trends developed today must be flexible enough to be expanded, adjusted or abolished to meet tomorrow's AEC requirements.

## **Conclusion**

The pertinent argument in this paper is that the trend considered should gain popularity in (a) countries that suffer from high-power distance and lack of democracy and (b) countries that desire unorthodox ways of management. Following this line of thought, the author predicts that budget constraints, oppressive rules and outdated regulations in the region would justify the growth of the proposed trend in ASEAN member states in the foreseeable future. According to Koppell (2003), there are many great articles about individual public enterprises that cannot be summarized collectively because of the overwhelming detail and complexity involved. However, this paper gives a flavour of the existing research on quasi-governmental issues.

## **Disclaimer**

The opinions and recommendations expressed in this paper are the author's personal opinions and do not necessarily represent any organization or individuals.

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## **CONFERENCE REPORTS**

## **International Conference on Commerce, Financial Markets and Corporate Governance and 2<sup>nd</sup> International Conference on Research Methods in Management and Social Sciences**

Shinawatra University, BBD Building, 197, Viphawadi-Rangsit Road, Bangkok, February 7<sup>th</sup>, 2015

The SIU Research Centre of Shinawatra University's School of Management continued its policy of hosting and organizing international conferences in conjunction with its partner IFRD – the International Foundation for Research and Development (ifrnd.org). These are comparatively small but friendly and hospitable occasions where it is possible for faculty members and graduate students to listen to presentations on each other's research and contribute to the formation of a scholarly discourse.

The keynote speaker Associate Professor Dr. Nada Matas-Runquist joined us from Lao PDR to speak on the subject of "From the AEC Administrative Reality towards Community-Based Communication: from Economic to Cultural and Social Links." Other presenters joined from various other countries and, as ever, we had a strong contingent from School of Management and the School of Liberal Arts of Shinawatra University. Given the circumstances in Thailand, it has become increasingly difficult to attract people to come to conferences in Bangkok. When we can find visitors, we must do our best to make the most of our conversations and our future networking.

John Walsh, Editor

## **5<sup>th</sup> International Conference on Management, Finance and Entrepreneurship and the 8<sup>th</sup> International Conference on Economics and Social Sciences**

Shinawatra University, BBD Building, 197, Viphawadi-Rangsit Road, Bangkok, June 6<sup>th</sup>, 2015

The occasion of the 5<sup>th</sup> International Conference on Management, Finance and Entrepreneurship and the 8<sup>th</sup> International Conference on Economics and Social Sciences, held at the Graduate Campus of Shinawatra University in Bangkok on June 6<sup>th</sup>, 2015, marked the continued partnership between the University and the International Foundation for Research and Development (ifrnd.org). Other partners include the Yildirim Beyazit Universiti of Turkey, Pertre Anderi of IASI, Romania, Durban University of Technology, South Africa and NAM, Ukraine.

The conference was held on the fourth floor of the graduate campus, as a number of other international conferences have also been held. This was a well-attended event with representatives from universities in Thailand, Indonesia, Myanmar, Malaysia, Oman, South Africa and the USA.

The keynote speech was given by Dr. Herman Gruenwald, from Burapha University, Chonburi, who spoke on the subject of entrepreneurship and how to encourage it. Subsequent speakers considered a wide range of topics. Some of the highlights included Abdalla M Omezzine (University of Nizwa) on “Supply Chain Management and Rejuvenation of Value Addition: the Case of Date Palm in the MENA Region,” Nsizwazikhona Chili Simon (Durban

University of Technology) on “Township Tourism: The Politics and Socio-Economic Dynamics of Tourism in the South African Township: Umlazi, Durban” and Suthathip Yaisawarng (Union College, NY) on “Financial and Social Efficiency of Microfinance Institutions.”



**Figure 1:** *Audience Members Listen to a Presentation;* **source:** *Editor*

Shinawatra University was again well-supported by the School of Liberal Arts, led by professors Kantatip Sinhaneti and Amporn Sai-Ngiamvibool and their students, together with faculty members Steve McKee, Catherine Owens and Robert Burgess. Within the School of Management, papers were given (with my co-authorship) by a number of faculty members, doctoral candidates and MBA students.

Ajarn Lavanchawee Sujarittanonta spoke on the subject of “Breaking Gender Stereotypes in Asia: Human Resource Development Challenges for Thailand’s Police Force.” Dr. Wilaiporn Lao-Hakosol gave a presentation on “Sustainable Growth Strategies for 999 Company in the Era of the ASEAN Economic Community: Medical

## Equipment and Supplies Trading in Thailand during Changing Environmental Conditions.”



**Figure 2:** *Dr. Wilaiporn Lao-Hakosol Gives Her Presentation;*  
**source:** *Editor*

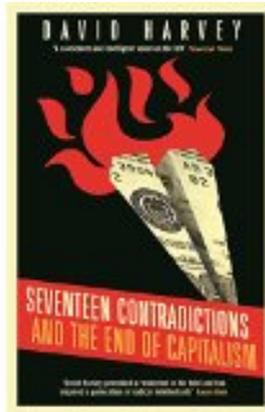
Dr. Fuangfa Ampornstira presented “Possible Impacts of the Sino-Thai Kra Isthmus.” Mr. Eric Bediako spoke on the subject of “Accountancy and Sustainable Economic Development: A Case Study of Thailand.” Mr. Ashraful Siddique gave his presentation on “A Qualitative Analysis of Current Unrest in the Ready Made Garment Sector Concerning Labour Practices in Bangladesh.” Ms. Ingyin Khaing Tin presented her research on “Work Life Balance of Women in Mandalay, Myanmar.” Phramaha Min Putthithanasombat spoke on the subject of “Monk Travellers: Spreading the Opportunity to Do Good under Theravadin Buddhism.” Finally, Ms. Sirirat Ngamsang presented “The Sino-Thai Relationship in the Context of Various Perspectives of International Relations.”

Conferences such as this provide excellent opportunities for faculty members and students to network with each other, to listen to the research that colleagues are doing and to interact with those speakers, as well as having the chance to benchmark the level of their own work with that of others. I encourage my students to present at conferences and submit papers to journals as much as they can, in part because that is a graduation requirement but, also, because it enhances the educational experience and their personal level of confidence. I hope to continue to help organize more conferences here at Shinawatra University for these reasons and also to help propagate the idea of research-based discourse and policy formation.



John Walsh, Editor

## **BOOK REVIEWS**



## Seventeen Contradictions and the End of Capitalism

David Harvey

London: Profile Books, 2014

ISBN: 978-1-781283-008-5

338 pp.<sup>5</sup>

David Harvey has established an international, perhaps even global, reputation as a scholar and teacher of Marx's *Capital*. The insights that he has gained from study of the great foundation stone (or one of them) of modern political economy have been introduced into his understanding of economic geography – economics itself is now the sole preserve of neo-classical mathematical models with very little application to reality. In recent years, he has considered cities as places not just of production and consumption but also of residence

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<sup>5</sup> Editor: this book and the next are the first (and almost certainly the last) that I have reviewed using a Kindle application. One of the implications of this is that I cannot be certain about page numbers and page lengths.

and work in books such as *Social Justice and the City* (2009) and *Rebel Cities: From the Right to the City to the Urban Revolution* (2013). In the current book, Harvey addresses the contradictions within capitalism – within capital itself – and what these mean for the future of capitalism, in addition and the lives of people subjected to capitalism.

The concept of contradiction is, of course, central to the Marxist system of thought. Mao Zedong (1987) famously began his work on the subject: “The laws of contradiction in things, that is, the law of the writing of opposites, is the basic law of materialist dialectics.”

It is also central to various religions, notably those based on personal sacrifice for the greater glory. The death of Christ, for example, is necessary for the redemption of mankind and is celebrated, while the ‘happy fall’ of Adam (and Eve) is necessary for that later sacrifice to take place. Careful investigation reveals contradictions to be everywhere, from quantum mechanics to moral philosophy. Harvey distinguishes between two types of contradiction: the first derived from Aristotelian logic that pits two contrasting statements against each other such that both cannot be true; the second type of contradiction is that which is inherent within a thing, an entity, a process or an event. All people face contradictory pressures in daily life and these wax and wane in importance in accordance with changes in circumstances or the environment. “There is a powerful and subjective element in defining and feeling the power of contradictions. What is unmanageable for one may mean nothing special for another. While the reasons may vary and conditions may vary, latent contradictions may suddenly intensify to create violent crises. Once resolved, then the contradictions can just as suddenly subside (though rarely without leaving marks and sometimes scars from their passage) (p.3).” So it is, evidently, with capitalism, which now all but covers the world but which is expressed in different ways and uneven forms of distribution in different areas. The banking crisis of 2008-9 was succeeded in most cases by the crisis of austerity which

is, at the time of writing, claiming numerous victims in Greece most notably. However, contradictions are not always negative in nature. Joseph Schumpeter famously observed that creative destruction is the very essence of capitalist development, with new products and opportunities driving out the old ones. Innovation cannot take place without change. Hence, contradictions within capitalism will not predictably bring about its demise but its constant evolution into new and different forms. This occurs at moments of crisis: “Crises are moments of transformation in which capital typically reinvents itself and morphs into something else (p.4).” To be able to appreciate how this takes place in real life, it is necessary to pierce surface reality to view the world as it really is (and, as Gramsci noted, with a sense of pessimism of the intellect) by doing away with fetishes: “... the various masks, disguises and distortions of what is really going on around us (p.5).” The contradiction between appearance and reality, according to Harvey, is the most problematic in seeking to understand the nature of capitalism and its mutations. It might be added, that the struggle between feudalism and capitalism taking place in Thailand today is obscured by a great deal of fetishism which has been successfully deployed and strengthened by various forms of state apparatus throughout the modern history of this country.

Harvey further distinguishes between capital and capitalism and notes the distinct forms of contradiction within each. He defines the latter as: “... any social formation in which processes of capital circulation are hegemonic and dominant in providing and shaping the material, social and intellectual bases for social life (p.7-8).” Within this, there are seven foundational contradictions, six moving contradictions and three dangerous contradictions. It is the last of these that threatens human society through the contradictions of endless compound growth, capital’s relation to nature and universal alienation as the result of the revolt of human nature. Increasing attention is being placed on the role of capitalism in the destruction of the planet through global climate change and the contradiction that the current state of the world economy is based so strongly on the extraction and

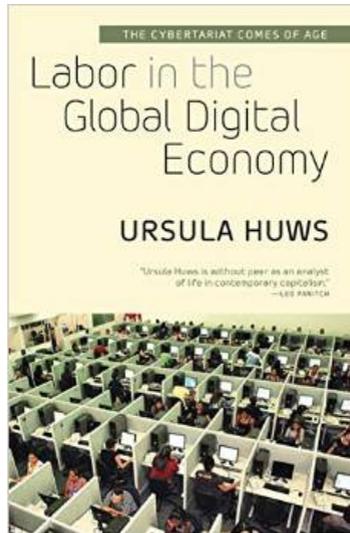
use of hydrocarbons which must, in reality, remain unexploited if human society as it can be reasonably imagined is not to disappear. Observers may notice the changing nature of fetishism deployed by climate change deniers and their corporate sponsors as each of their arguments is demolished by scientific facts – and, of course, the claim has always been that historical materialism is based on scientific facts.

Harvey, as ever, is provocative and entertaining in his analysis. He uses a level of abstraction that can make his analysis occasionally appear to be anecdotal in nature, although this is presumably one result of the attempt to make contemporary Marxist thought accessible to a more or less general audience. Reading this book would benefit many people who, in the local idiom, are frogs trapped inside the half coconut shell.

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*John Walsh, Shinawatra University*



## Labor in the Global Digital Economy: The Cybertariat Comes of Age

Ursula Huws

New York, N.Y.: Monthly Review Press

ISBN: 978-1-58367-463-5

208 pp.

As capitalism continues to spread across the world, broadening and deepening its hold on societies and economies, more and more activities that previously were part of social or cultural relations become subject to commodification and marketization. It is now possible for Japanese consumers (famously), for example, not only to rent a dog to walk in a local park for an afternoon constitutional but, also, an older sister to act as a companion and confidante for a shopping trip. Huws describes one aspect of this process as the creation of 'consumption work,' in which activities, events and emotions are removed from the private sphere into the market and

require people, therefore, both to produce them and to consume them. “The more workers become dependent on these new commodities to survive from one day to the next, the greater their need for a source of income to pay for them, tightening capitalism’s grip on their lives still further.” However, as she then continues to argue, these innovations tend to be highly successful and popular, apparently offering new experiences and sensations that had previously been restricted to an economic and social elite. Consequently, the effects of these changes are embraced and continue to have ever-extending impacts on daily life. Indeed, Huws argues that previous waves of commodification have now reached a state of maturity, such that their impact will be permanently felt and no longer controllable. The areas concerned included biology, art and culture, public services and sociality. Particularly as production of manufactured items becomes subject to economies of scale and scope and is outsourced to more conducive business environments, people in the advanced economies of the global north must find ways to compete either in low-paying service sectors or in the emergent sectors of the knowledge-based economy. What workers or employees in these sectors do consistently find is that their situations become more precarious as they are isolated from colleagues and obliged to sell their goods and services to and through intermediaries in which they have the benefit of asymmetries of information and of power. At the same time, those life benefits (e.g. public education, health, transportation and welfare provision) which had been the concessions won by labour from capital in the first half of the twentieth century at incredible cost, were stripped away again through processes of privatization, outsourcing, competition and corporatization. This is, it appears, not least from the work of Piketty (2014), an integral part of capitalist development. Huws claims that this has had a significant impact on the work life of large numbers (although not all) people: “... a range of features of work that were regarded in previous periods as exceptional or unusual are now taken for granted by a growing proportion of the population and, in the process, expectations of what ‘normal’ working behaviour should be have also been transformed.” That this is true is plainly

evident from the plethora of zero hours contracts, underpaid service sectors jobs, tax credits and unpaid internships that are now so prevalent in the crisis of austerity countries. The role of technology is evident in this set of processes. It has given rise to digital Taylorism and the expansion of the period of duty from the 40-hour week (a concession won at such terrible cost) to now almost permanent duration. It also made possible the new global division of labour and the loss of so many permanent, stable, decent jobs in the global north.

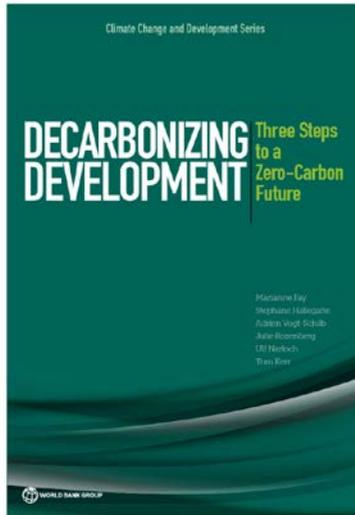
In her analysis, Huws draws upon a wide range of sources relating to the creation of a deskilled, flexible cybertariat but does so in a way that does not make the book inaccessible to a more general public. Readers will be able to recognise the phenomena described if not in their own lives then in the experiences of family members or friends. Some people are privileged to join a special deal with capital by being recognised as having certain skills and knowledge that should be included within the core competencies of the organization. Others are placed in the category of commodified labour, with generic skills (using a word processor, having a 'service mind' or soft skills) that are immediately replaceable. The decision between access to core status inevitably involves a component of ethnicity, gender and general willingness to conform to the role of precarious survivor happy to serve at a moment's notice. In all cases, the risk is borne by the individual and the profit reaped by the corporations.

This is a very helpful investigation into trends and conditions affecting the nature and scope of work in the contemporary world. It is light on statistics and the notes are confined to the end, which will please some people but not all. The book is a powerful weapon to cut through fetishism in the workplace.

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*John Walsh, Shinawatra University*



## Decarbonizing Development: Three Steps to a Zero-Carbon Future

Marianne Fay, Stephane Hallegatte, Adrien Vogt-Schilb, Julie Rozenberg, Ulf Narloch and Tom Kerr

Washington, D.C.: International Bank for Reconstruction and Development (The World Bank), 2015.

ISBN: 978-1-4648-0479-3

XVI + 164 pp.

The World Bank has, as part of its mandate to lead progress towards economic development around the world, taken the role of becoming one of if not the leading curator and disseminator of development knowledge. To do so, it has not only put in place the infrastructure

necessary to conduct the research and the distillation of that research into advice and policy but, also, created a publishing arm that makes (mostly) freely available books and reports about issues of note. Combined with an authoritative style, the use of plenty of white space in its books and professional layout, with checklists, tables, boxes and figures, World Bank literature dominates discourse on developmental issues, particularly in less developed countries, where resources to obtain alternative voices are quite slender. What the World Bank says, therefore, tends to be what governments and organizations say that they will do in order to obtain the funds that are available to be disbursed. This is not necessarily a bad thing, of course and the World Bank is far from the only organization seeking to position itself in a position of unassailable authority. Given the difficulties involved in persuading the variety of unelected, unaccountable, illegitimate regimes around the world to give up some of their privileges bound up in location-specific cultural, social and religious relations requires the stance of calm, technocratic assurance as a very minimum. There should be no doubt, in other words, that the World Bank has the best possible answer under current conditions of knowledge and is best-placed to dispense advice. Consequently, when it comes to complex, technical issues of importance to the social and economic development of millions of people, then it is a good idea to pay attention to what it says.

So it is with the current book, which concerns decarbonizing development, that is to say, while recognizing the need for less developed countries to continue with economic development, preferably rapid economic development, there is also the need to mitigate the disasters inherent in global climate change by uncoupling the use of carbon in that development.

The overview begins by setting the scene:

“Stabilizing climate change entails reducing net emissions of carbon dioxide (CO<sub>2</sub>) to zero. This report outlines three

principles to guide countries in their efforts to create a zero-carbon future: (a) planning ahead with an eye on the end goal; (b) going beyond carbon pricing with a policy package that triggers changes in investment patterns, technology, and behaviours; and (c) protecting poor people and avoiding concentrated losses. Although countries at different levels of income and with different endowments will adopt different strategies, all have a role to play (p.1).”

The science behind global climate change is solid and robust findings exist to support the need to restrict climate increases to no more than 2<sup>0</sup>C or else face the end of human society as we understand it. The need for action is well-established but the will to do something about it is hampered by political issues (increasing taxes is unpopular with democratically-elected governments, especially those undergoing the crisis of austerity) and one of the lingering effects of colonialism, which is that the formerly colonized consider with some ambivalence the need to restrict their own growth because the colonisers have almost completely destroyed the physical environment and are unwilling to do anything much to rectify the situation. These factors lie behind the World Bank’s cool and measured prose (which is quite admirable in itself) that calls upon all countries to take a role in the effort, albeit that countries will be called upon to play different roles.

To achieve decarbonization, the World Bank calls for action on four fronts:

“(a) decarbonization of electricity; (b) massive electrification \*using that clean electricity) and, where that is not possible, a switch to lower-carbon fuels; (c) greater efficiency and less waste in all sectors; and (d) improved carbon sinks (such as forests, vegetation, and soil) (pp.1-2).”

The remainder of the book lays out ways in which those goals might be achieved, given the constraints imposed by geography, politics,

lack of technical capacity and organizational inertia. Three principles are outlined which should be borne in mind when seeking to apply the technocratic fixes outlined elsewhere: plan ahead with an eye on the end goal; go beyond prices with a policy package that triggers changes in investment patterns, technologies and behaviours and mind the political economy and smooth the transition for those who stand to be most affected (pp.2-3).

As far as principles go, it is hard (but certainly not impossible) to argue with these, although it does provoke thought as to exactly who are the people for whom this book is intended? Presumably, they are other technocrats whose role is to persuade their government agencies of the need to change and the ways by which they might achieve it. The book provides a toolkit for such people in providing justification for specific policies and the means to outflank objections. If it helps to achieve such change at even a minor level, then the effort to produce it will have been worthwhile. Meanwhile, interested observers have the opportunity to understand leading edge knowledge and understanding of a vital issue.

*John Walsh, Shinawatra University*

## CALL FOR PAPERS

The SIU Journal of Management (ISSN 2229-09944) is now accepting submissions for biannual publication, with issues scheduled to be published In June and December of each year. Volume 4, No.1 will be published in June, 2014.

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The first page should include the title of the paper and the names and contact details of all authors. The corresponding author, responsible for all communications with the journal, should be clearly specified.

The second page should include the title of the paper and an abstract of no more than 300 words that clearly explains the purpose, method and main findings of the research. The abstract should be followed by 4 or 5 keywords arranged in alphabetical order and separated by commas.

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### Historical Background

The idea of establishing a private university to support private sector development in Thailand and the region was initiated in 1996 by Dr. Thaksin Shinawatra and Professor Dr. Purachai Piumsombun. This was followed by the design development of an environmentally friendly campus by Dr. Soontorn Boonyatikarn in 1997. A year later, the innovative plans were presented to Her Royal Highness Princess Mahachakri Sirindhorn, and then to the Ministry of Universities which granted the license for operation towards the end of 1999. The first Shinawatra University Council Meeting was held on May 19<sup>th</sup>, 2000, marking the initial milestone of the long road to becoming an accomplished private university. In September 2002, the first batch of students was admitted, and the venture of creating and nurturing a prospective university had begun.



## Coat of Arms

The University's coat of arms represents the sun, which symbolizes the source of knowledge. It radiates an abundance of ingenuity and innovation through research. It contributes to the foundations of learning including ethical, moral, physical, and religious aspects.



-  The color gray symbolizes a love of discipline
-  The color green symbolizes being one with society
-  The color orange symbolizes new beginnings through learning

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- Top 10% of all higher education institutes accredited by The Office for National Education Standards and Quality Assessment (Public Organization) ONESQA.
- Ranked 2nd by ONESQA among private higher education institutions in Thailand.
- Education Standards of SIU and all its schools in 2006 were unconditionally approved by ONESQA
- Faculty members with leading research performance as assessed by Thailand Research Fund (TRF).
- Over 70% of faculty members with doctoral degrees and 60% hold academic rank position.
- Prestigious TRF Royal Golden Jubilee PhD Scholarships awarded to 20% of faculty members.
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- More than 50% are graduate students.
- NRCT research grants awarded to faculty members.

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