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Editorial Perspective

Aristotle is said to have observed that “man by nature wants to know.” But, to be authentic, the passion for knowledge must be predicated on the desire to know the truth.

In academia, in business and industry, in ethics, morality and religion, that is the context of education and research. It converges upon man’s creative will. But without fidelity to truth, man’s creative will cannot create anything that can dignify human condition i.e., – man’s-being-in-the-world – nor can it justify his being a human being. In this context, we cannot disregard the decisive role played by socio-cultural determinism. Each society is subject to its own inner laws of progress and development and these laws determine the range and the extent to which a society can develop and grow and an individual can become what he is capable of becoming. Beside the quest for truth, the ultimate purpose of education and of research is to discover and to define the dynamic and progressive movement inherent in the notion of the ‘world’, including the corporate world. That is the context of liberal education and authentic research. It also constitutes an essential component of the ideal of business schools and corporate research. Our success and failure in this respect depends upon our will to establish creative and evaluative relationship with, to put it in the Qur’anic parlance, “our portion of the world.” Ultimately, and in the final analysis, the beauty and the ugliness of the world depends upon how deep, clear and distinct is our perception of the truth. In the light of that perception, it also depends equally decisively upon the vitality and the authenticity of our courage to be.

Man establishes the domain of values, meaning and purpose on the *de facto* and naturalistic world in and through his creative and co-creative acts according to his vision of the truth. In seeking the truth he strives and exerts himself to establish an authentic relationship with the world. The *meaning* of the world, therefore, is derived from man’s *intended relationship* to the world. The meaning of man’s hyphenated relation to his being-in-the-world, its value and purpose, is derived from the way he relates himself to *his portion* of the world.

Pedagogically, the search for truth is a highly commendable quest rooted in the desire to know the most desirable basis of the meaning and purpose of education, embracing the ultimate value of human life and the vision of a just and humanized society. Therefore, in a research oriented academic culture, in teaching and in learning

it is of critical importance to ask: *what shall we do with the truth if or when we have found it?* Secondly, *what will the truth do to us if, per chance or through inquisitive persistence, we happen to have found it in its pristine simplicity and benign indifference?* These pivotal questions, asked in earnest, make us *think* and foster *reasoning*, reminding us that our research orientation and our quest for truth has serious methodological implications for both learning and teaching. They unveil the logic of educational experience which lies buried and hidden in the dialectic of thinking and reasoning. In their uninhibited honesty, these questions impress upon our sense of wisdom that although *all reasoning is thinking, all thinking is not reasoning*. They also make us realize that authentic education, like all genuine learning, is an existential phenomena. As such, it is an experience and experience in the fullness of its meaning is not *what happens to us*, rather, as an educational event, experience draws its meaning and pedagogical significance from *what we do to what happens to us*. Such is the dialectic of learning and teaching. It makes us grow and, as we grow older, hopefully, we also become wiser.

We learn by teaching and we teach in order to learn. That is the creative and educational burden of all research orientation. It must therefore be noted with a profound sense of anticipation that by liberating us from petrifying inauthenticities, truth can make our lives sublime. That is what education, liberal education in particular, ought to do.

We may not realize it, and after some time do not even feel it, but we are mortally wounded and our 'body social' suffers painful and ugly scars each time we cause an injury to truth. It deforms the over all institutional beauty, harmony and the creative vitality of our relationship to our "world", including our corporate world. It also destroys the sanctity of our educational institutions and more so the dignity and the character of those who teach.

There is something fearlessly honest and educationally profound in Aristotle's refrain about his teacher, Plato. Aristotle is said to have said, "Dear indeed is Plato but dearer still is the truth." This is what we ought to expect from teaching and research. Our reverence for truth must cultivate in our students the will to truth, inviting them to examine their own assumptions and presuppositions. In search of the goal they are seeking, our students must learn to examine not only the path they need to tread, but also the direction in which they ought to be moving to achieve the desired goal. They must remember that, in life, one may indeed be on the 'right' path but moving in the 'wrong' direction and, therefore, never reaching the desired goal. They must also learn from their teachers that goal seeking behaviour is predicated on two coordinates – enlightened ethical and moral consciousness and a clear and distinct sense of reality. They must therefore learn to critically examine their naturalistic world-view and the

taken for granted beliefs and ideas. That is the tacit goal of education and research.

As a dialectical process, research proceeds from the known to the unknown, reaching out farther and farther into the domain of reality which is constantly evolving and ceaselessly changing, just like the lure of the perpetually evasive truth. Therefore, a genuine research methodology is by nature built upon the reviewed literature. It is based upon the reduction of the randomness of life and of reality into the essential and enduring features of a paradigm. It is therefore imperative that in research and in teaching we do not drift too far away from the realities of the *lived-world* and the life as it is lived. We must consciously remain connected with our colleagues who are engaged in the diverse fields of research to learn from their perspectives. Such inter-disciplinary and inter-departmental research orientation is a theme we have emphasised in our editorial perspectives. It is an orientation which teaches us to learn from the research techniques and methodologies of various disciplines and to build firmly on such *gestaltan* and holistic foundation our own teaching and research methodologies. Such an eclectic approach tends to add depth and breadth to our academic programmes, preparing our future leaders to take their place in the corporate world. It creates and reinforces the belief that education is not only a debt from the present to the future, it is also a heritage from the past to the present generation of the seekers of truth and the managers of human affairs. Our heritage of providing a world class programme is reflected in our logo – *Leadership and Ideas for Tomorrow*. It reflects “our resolve to meet the future challenges with integrated and multi-disciplinary knowledge and its creative application in a changing global environment.” Our ownership structure is unique and ensures that our program is relevant to meet the needs and challenges of future business leaders. We are committed to our heritage of providing a programme of business education, enriching the corporate experience and the personal and professional transformation experienced by our alumni, not just as a specialist or a manager or chief executive but as a harmonious personality with a deep sense of ethical values and of the morally good.

At the IBA we have emphasized the view that research is a multi-disciplinary occupation. Dialogical communication, inter-departmental participation, whole hearted fidelity to truth, ethical courage to integrate theory and practice into a transcending attitude and moral dignity to bear witness to the truthfulness of truth: these are categorical imperatives and essential components of an authentic research orientation. Our failure to share and communicate the findings of our research does not add anything pragmatically significant to our teaching and research orientation.

The importance of this observation must be firmly integrated into a genuine and creative research culture and a synthetic approach to the study of all disciplines, irrespective of their departmentalized focus on specialization. Analytically, a research

culture grows from and draws its creative vitality from the meaning and value it attributes to our passion for seeking the truth and to our ethical and moral persuasion. Teaching and research, when they are pursued creatively, are bound to result in the development of a strong and confident sense of self-awareness. It emerges in the process of the seeker of truth becoming conscious of self-realization and self-fulfillment.

The self, as the centre of the phenomenology of self-awareness is a way-farer, passing through the transitory stages on life's way, destined never to ever arrive, always incomplete, forever unfulfilled.

The phenomenon of the self relating itself to itself is so deeply embedded in the dynamics of learning and the ultimate aim of teaching that without it the process of education cannot achieve its ultimate objective, i.e., to let the seeker of truth become all he is capable of becoming. Thus, in education, as in life, the process of becoming reigns supreme. Therefore, a seeker of truth has his being in the manner of becoming. A seeker of knowledge is a journeying self, always ahead of himself. His journeying is towards his own self-realization and self-fulfillment.

As a seeker of knowledge, in search of truth, this is the noblest ideal man can aspire for. But he cannot achieve this ideal if he remains contented with the notion of "thus it is and cannot be otherwise." To achieve this ideal he has to incorporate into his notion of selfhood the reality of *becoming* and into his world-view the normative and evaluative requirements of the dialectic of "*thus it is*" and "*thus it ought to be*."

It is argued that corporate culture is a victim of conceit, deception and *bad faith*. Mired in the seductive lure of the symbols of "role", "status" and "personality ethics", it is bound to remain flawed without the regime of the ethical and moral dispensation. The remedy for its morbid, self-perpetuating and intrinsically destructive propensities lies in the "character ethics" of its top managers. The slow and progressive decline of its value system cannot be arrested or averted without the creative rage of its functionaries endowed with the breadth of transcendental vision, the will and the passion to establish the domain of value to let truth prevail. Therefore, moral integrity and character ethics ought to be the defining features and the main sources of competitive advantage in the management and administrative hierarchy of any principle-centered corporate organization.

A man's encounter with the truth calls into question his courage to be. His character is built in these encounters. Standing at the threshold of transcendence, he must *decide*, make a *choice* and *act* because, *in this sphere of being, becoming reigns supreme*. There, not to choose is *ipso facto* a choice, not to decide is in itself a decision

and the refusal to act is an action laden with awful and precarious consequences. Such newly acquired knowledge deepens the sense of integrity, making our self-awareness a trial by existence. According to Socrates, “Knowledge is virtue” and the seekers of knowledge vie with each other in noble acts and good deeds. As a reflection of the true spirit of research and education, truth loving people cannot stray from the truth for very long.

Today, the corporate world suffers from fatal flaws and failures, revolving around the notion of man. The ancient Greek philosophers, Sophists, laid the entire burden of our evaluations squarely upon the shoulders of man by making him “the measure of all things.” Socrates raised the thorny issue when he asked: “is something true (and good) because you like it, or should you like it because it is true (and good)?” Today, more than ever before, it is always an integrity issue rooted in the notion of ‘Character.’ We can survive adverse market forces as well as the adversities generated by international financial crises. What we cannot survive, without becoming mortally wounded, is the man without ethical integrity, moral character and transcendental vision.

Times have changed. Sentiments have shifted. To our great dismay, in the corporate world – the world we inhabit – we only hear the echoes of what used to be. “The No.1 criterion in every CEO search we do today is integrity. That used to be assumed. No one had to mention it. Not anymore.” It is a sad comment made by Gerald R. Roche, senior chairman of Heidrick and Struggles, in the aftermath of stunning accounting scandals, laden with deceit and deception, shrewdly and seamlessly overlooked under the trappings of ethical and moral insensivities and a schizophrenic disregard for truth. In the modern corporate world, Xerox, Tyco International, QWest, Global Crossing, ImClone Systems, Adelphia Communications and Enron are all symbols of the corporate glory and grandeur that used to be.

What went wrong?

Let us recall and recollect the words of Kenneth I. Lay, CEO of Enron.\

“We want to be proud of Enron and to know that it enjoys a reputation for fairness and honesty and that it is respected. Gaining such respect is one aim of our advertising and public relations activities, but no matter how effective they may be Enron’s reputation finally depends on its people, on you and me. Let us keep that reputation high.”

Yes indeed, man is the measure of all things – small and great , good and evil.

ARTICLE

Role of the Project Manager in Design Management

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ABSTRACT

A project manager wears many hats including project leader, project facilitator, project mediator, project coordinator, project communicator, project promoter, project motivator and project controller. Complying with all these roles and sometimes reconciling with the competing demands of project stakeholders is not easy. Hence, for construction work, project managers must develop necessary skills to cater to the intricate and tricky situations for different construction projects. Many project managers pay a lot of focus on keeping the project on time and within budget – leaving design problems to the architect. Managing design is a challenging job which tests technical, personal, interpersonal, team building, management, and business skills of the project manager.

However, a good project manager has an important role in design management of the project. The project manager must ensure that a clear and comprehensive brief is well established that can lead to an end product that satisfies the myriad requirements of aesthetics, functionality, economics, constructability, energy conservation and maintainability. Though not the designer, the project manager has to ensure the effectiveness of design and competence of the whole team involved in the design process. This article presents an overview of the role of the project manager with regard to design management for a project, particularly during the design stage. Discussion here also emphasizes the understanding of the design logic on part of the project manager for successful accomplishment the project.

Keywords: Design management, project manager, construction

INTRODUCTION

Construction is a complex industry in which disputes are common, uncertainties and risks are inevitable, individual interests of parties are natural, delays are routine and cause huge loss of resources, and aggravations are an everyday occurrence (Arain, et al., 2004; Toor and Ogunlana, 2008). Among the project players, project manager (PM) is the person who has to carefully look into all these matters and ensure that the project completes on time, within budget, and according to expected quality standards (Arain, 2005). Most of the disputes, as several researchers have established, are due to lack of communication and coordination interface management in the design phase (Arain and Low, 2005a). This deficiency leads to difficult access of working area and conflicts in the requirements of various subcontractors during construction, and a design that does

not deliver an end product that satisfies the client. This coordination has to be established at the design stage and is the responsibility of designers and the project manager.

The fragmentation of the industry is exacerbated by the insularity of the professions, the separation of the design from the construction, the uniqueness of the projects and the ephemeral nature of the relationships, and project organization (Masterman, 2002; Arain and Low, 2003). This fragmentation is due to the increasing complexity of projects requiring people of many different specialist skills – brief formulation, space planning, architectural treatment, cladding design, interior design, acoustical design, structural steel design, many specialist mechanical and electrical systems, constructability, specification writer, etc.

In addition, internationalization of construction has given birth to numerous issues. A project in Thailand may be designed by a German firm, managed by an Italian firm, constructed by a joint venture of firms from different countries, using labor from Cambodia and Myanmar, and material suppliers from all over the world (Toor and Ogunlana, 2005). Clearly, internationalization further complicates an already complicated industry.

A good project manager should be capable of dealing with potential project circumstances, and prepared to deal with problems and repercussions of international establishments for projects. The project manager needs to be well aware of various practices in different regions of the world and must communicate the local customs and regulations to all parties involved. Design stage needs special attention in this regard (Arain and Low, 2005b). If the designers are not local, there is the major problem of communication with the Clients to understand what they want. In addition, since drawings have to be submitted to authorities for approval, designers must make sure that the design complies with local standards and regulations.

Also, designers and the project manager should consider the local construction practices, methods and available materials. Competence of local contractors and subcontractors who will carry out the construction must be given attention during design process. Design should also reflect the deliberation of future maintenance which should be easy for locals to carry out. All these aspects are vital. Although these aspects look simple and easy, yet the project manager should be able to totally appreciate these issues to make the project a success.

This paper makes an attempt to highlight the key role that the project manager plays with regard to the design management of the project. Discussion in this paper focuses on the very fact that the project manager acts as a design manager, design coordinator, communicator, conciliator, mediator, team builder, and team motivator. Having all these responsibilities, the project manager is not a designer. Therefore, it is not the job of the project manager to dictate the design or force his opinion on design.

Instead, the project manager should be able to lead the design team into a common direction and ensure that the design objectives are achieved.

Design-Related Problems in Projects

The design stage is relatively short compared to the full life cycle of a project, but has a large impact on the project (Arain and Low, 2005c). Also, most of the project failures are due to poor design as Palmer (1987) has established. Among one of the initial studies of problems on projects, Baldwin and Manthei (1971) cited several factors which result in delays on construction projects in United States; design changes, shop drawings, manufactured items, permits and building codes are among these factors. Al-Khalil and Al-Ghafly (1999) reported that delay of project is a major problem in construction that leads to disputes and hostile relationship among different participants. Cheung et al. (2000) observe that if the problems and/or obstacles are not solved in time, they can cause delays and cost overruns in projects, harm cooperative relationships, reduce efficiency, lead to claims and disputes, and probably invoke litigation proceedings.

In the survey carried out by Odeh and Battaineh (2002), contractors and consultants agreed that owner interference, slow decision making and improper planning, are among the top ten most important factors for delays in construction projects with traditional type contracts. Mansfield et al. (1994) studied the causes of delay and cost overrun in construction projects in Nigeria. The results showed that improper planning, approval of shop drawings, design changes, conflicts in work schedules of subcontractors, slow decision making and executive bureaucracy in the owners' organizations and design errors are the most important problems causing delays in project in Saudi Arabia (Assaf, et al., 1994; Arain, et al., 2004). In a study of large construction projects in Vietnam, Long et al. (2004) grouped the top ranked problems in terms of occurrence as: (1) incompetent designers and contractors, (2) poor estimation and change management, (3) social and technological issues, (4) site related issues, and (5) improper techniques and tools.

Another study of construction delays in Indonesia by Kaming et al. (1997) concluded that design changes, inadequate planning, poor labor productivity and resource shortages were predominant factors for time delays. Chan and Kumaraswamy (1997) found that significant delay factors of construction projects in Hong Kong were: poor site management and supervision, unforeseen ground conditions, low speed of decision making involving all project teams, client-initiated variations and necessary variations of work. Toor and Ogunlana (2006) also found that the problems related to design were significant in their study of the problems of the Second Bangkok International Airport project. They found that four of the top 20 problems in the problem inventory of 75 problems were design-oriented.

It is obvious from earlier research that design-related problems are of vital

nature and result in heavy losses at subsequent stages. Some studies have revealed that more than half of the construction projects overrun on both budget and time at completion and these problems largely occur due to design changes, scope changes and omissions and corrections in design (Arain and Low, 2006d). If design is carried out systematically with correct methodology, chances of variations and corrections would certainly reduce. The project manager should try to anticipate any potential changes which could harm the project objectives. If design is correctly done, chances of variations are reduced and hence there is an increase in the likelihood of completion of project in time and within budget.

Why is the project manager a vital factor?

Researchers and practitioners have emphasized the fact that the project manager is the key player in projects. Belout and Gauvreau (2004) are of the view that the project manager plays a crucial and central role in leading the project to a success. In many earlier research works, the project manager has been ranked among the top critical success factors for project (Ashley et al., 1987; Toor and Ogunlana, 2005; Nguyen, et al., 2004). Being project leader, the project manager has to fulfill the roles of facilitator, coordinator, motivator and politician on projects (Briner, et al., 1996). Performing these complex jobs demands a competent leader who can interact within and across several participant groups. This challenging and complicated role of the project manager has necessitated the development of more sophisticated approaches to managing the performance of project managers (Dainty, et al., 2003).

Learning from the past projects is very important because the professionals could improve and apply their experience in the future (Arain and Low, 2006a). No projects can be executed without people. Not even the purest, technical construction project. And the more the world moves into the knowledge society, the more obvious it is that managing people in projects is equally important as managing the technical and financial side as shown in Figure 1 (Arain and Low, 2006b). But this soft people approach must not be so focused that one forgets that projects after all is to come up with hard technical and financial solutions to a problem. The problem is to handle both sides equally well, realizing that soft and hard values can be very difficult to combine.

Many researches suggest a combined structure-and-culture approach to modern project management. It is important for project manager to understand how a balanced project leadership attitude should work to identify the potential problem areas which should be getting immediate attention at any point in time during modern project execution (Arain and Low, 2006b). Project managers should eventually inculcate all the factors presented in the theoretical model for effective management of building projects as shown in Figure 1.

Belassi and Tukel (1996) have also emphasized on the competence of the

project manager as critical factor affecting project planning, scheduling and communication. Long et al. (2004) have shown that ‘competent project manager’ was the top critical success factor as rated by owners, consultants and contractors in a study of large construction projects in Vietnam. Muns and Bjeirmi (1996) have also supported the idea that success or failure of project management in certain projects is highly dependent on the choice of the project manager.

Flowers (2002) emphasizes that possessing technical skills alone are not important for engineers, developing the leadership skills is also vital for engineers if they want to significantly contribute to future. A project manager should have a good understanding of all aspects, which may involve diversity of culture, religion, language, nationality, and region. He should also be able to communicate this understanding clearly among these clusters. All sensitivities, limitations and capabilities of project team members should be understandable to him.

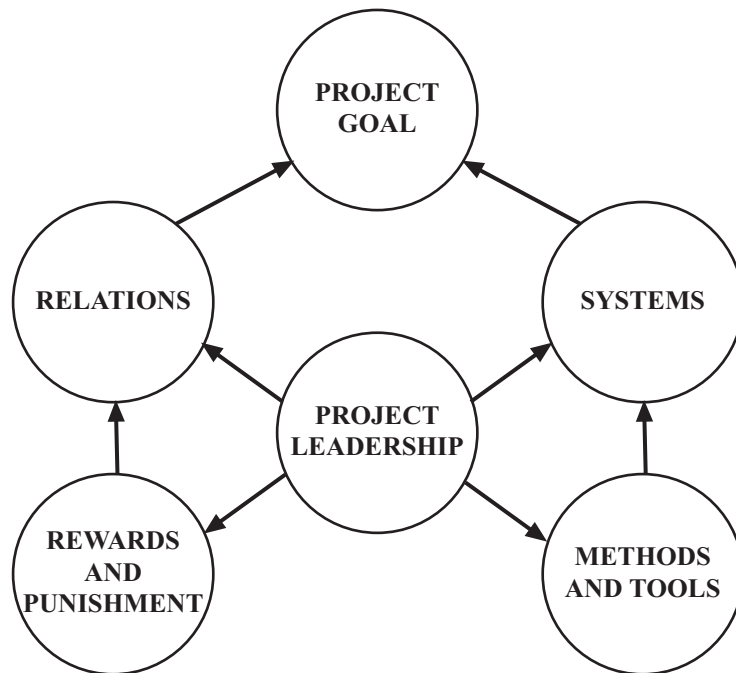


Figure 1 Theoretical model for effective management of building projects

Project Manager and Design Process

As it has been discussed above that the project manager is the overall in charge of the project, and managing the design is one of the important tasks he has to perform. Managing design is a multifaceted task and needs. The project manager has to clearly understand the client's needs so that he is certain about what he is going to deliver as a final product. Also, he should be able to manage the whole design team which includes various designers performing their specific tasks. Moreover, he has to communicate and coordinate among all stakeholders so effectively that no ambiguities are left on any side (Arain, 2005). Capturing the client's requirements, communicating them to designers, making sure that design is complete in all respects and has been well coordinated among all designers, all modifications and changes have been appropriately incorporated and client has been informed about the outcomes of such changes are the duties of the project manager during the design stage.

Project manager's role with regard to design includes:

- Helping the client to understand their requirements and capturing the requirements in a Brief
- Communicating the client's requirements to all designers
- Communicating the concerns of designers to the client and obtaining feed back
- Coordinating among various designers and building a strong team atmosphere
- Resolving the potentially conflicting requirements of various stakeholders
- Making sure that design complies with local laws and regulations
- Making decisions on alternative solutions to a problem
- Making sure that design complies to the budget and time constraints
- Making sure that all special constraints, requirements and expectations have been considered in design
- Checking that there are contractors of adequate capability to construct the design
- Making sure that design incorporates the concept of value management
- Analyzing the build-ability (constructability) and practicality of design
- Forecasting the design related risks during the construction stage
- Checking that design requirements are clearly specified for the local/working contractors
- Checking that appropriate work interfaces have been developed for various contractors
- Checking that phasing (if required) has been considered on a project
- Checking that future maintenance has been considered in the design
- Checking the availability of materials locally (or making the alternate arrangement for material procurement)

- Checking that design caters for future changes, alterations, extensions, if required

Although the project manager has to ensure that design considers all points stated above, the generic role of the project manager is discussed in more detail in the following sections.

Project Manager and Technical Skills

Researchers have ascertained that having technical expertise alone is not enough for a project manager to be successful on projects. He should have other soft skills like personal and interpersonal skills, communication skills, organizational and management skills, business skills and leadership skills. However, having no technical knowledge is also not recommended for better performance on complex projects. Having no technical knowledge can not be an excuse in case of failures which are likely in multifarious project environment. Therefore, a project manager should also be well conversant with technicalities of design. He should be able to understand the complete design process so that he can manage it meticulously. Many researchers are of the view that project managers with technical skills have a big advantage for the successful completion of complex construction projects.

It is not compulsory that all construction projects are newly created and that one has to develop a project from the scratch till the completion (Arain, et al., 2004). According to a survey in UK, over forty percent of the construction works were refurbishment works in 1996 (Egbu, 1999). Therefore, having design and technical expertise for refurbishment works is crucial for success in rehabilitation works where the project manager has to give technical input for completion of project within budget and on time.

Project Manger is not the Designer

Important leadership skills for effective project management include team skills, communication skills, personal and interpersonal skills, technical skills and project management skills. Evidently, success of effective project managers does not necessarily lie in their technical skills alone. A good project manager has to develop more human qualities to be successful on today's truly international projects.

However, it is important that the project manager realize his/her actual role that is managing and leading the design, not carrying out the actual design. If the project manager takes over the design responsibility, designers are confused of their roles and therefore will not be able to perform to their optimum potential. Following dictation rather than following the problem and seeking solution is not designers' job. If the project manager takes of the design role, creativity of the designer cannot be displayed with liberty and confidence. Therefore, the project manager should be careful not to

take over the design. The project manager's role is to concentrate on the bigger picture, design outcomes, and project objectives. The project manager should intervene if he/she feels that the designers are not following the project objectives or when the design is too creative to be practical.

Project Manger as Communicator

Communication is one of the most important success factors on projects (Toor and Ogunlana, 2008b). Especially in today's world, when designers, contractors and clients are involved in global projects and communicate through modern technological tools, communication plays an even more important role. Various researchers (Chan, et al., 2001; Chua, et al., 1999) have emphasized on adequacy of communication for success of projects. In addition, Millet (1999) is of the view that breakdown of communication among the stakeholders is one of the major causes of failures of projects. Some researchers have observed that most conflicts occur due to lack of communication and coordination interfacing (Arain and Low, 2003). Others argue that lack of communication may create a confrontational situation at times, such as when the client does not agree with the planned work tasks (see: Zipf, 1998; Arain and Low, 2005d).

The need for good communication is especially important for the project manager. He must ensure that all parties are involved in the project and communicating effectively during all stages of the project. The project manager acts as a liaison among various stakeholders. He has to work with the many parties within the client's organization to establish their collective (and often conflicting) requirements. The establishment of the brief is critical, and without a good brief, it is unlikely that a good design would be developed that would satisfy the client. The role of the project manager during this brief formation stage cannot be over-stated, and is one of his prime roles in design management.

After establishing the brief, the project manager has to communicate the requirements of the client to the designers, and help ensure good communication between the various designers. He has to ensure instructions of designers to contractors are given effectively, and concerns of contractors are communicated back to client and designers. Therefore, he should develop adequate channels of communication between all parties. This is particularly important with regard to changes in design (Arain and Low, 2005c). Since design stage is the time when most of the changes take place, communicating these changes and informing all designers (architectural, structural, M&E and specialty designers) about latest updates is vital, and informing the client of the time and cost implication of such changes.

Project Manger as Coordinator

Cheng et al. (2003) have strongly focused on improved coordination in

construction projects especially those with relatively long periods. Cooperation among clients, designers, consultants, contractors, and suppliers, results in a project with least conflicts, improved costs and schedules. Most project managers are aware that projects are built up of tasks which consist of numerous activities. When these activities are shared by more than one discipline, it is necessary to obtain agreement among parties to proceed. Disagreement or conflict can exist not only among engineers but also between engineers and the organizations whose procedures they are obliged to follow (Conroy and Soltan, 1997). Cheng et al. (2003) have concluded that due to numerous working interfaces, complicated networks, and diversified team members of large construction projects, coordination efficiency among members of construction team is vital to the success of the projects.

Being at the centre of the decision making, the project manager is responsible for coordinating all major and minor activities on a project. He is overall head of project and therefore has to keep the responsibility or appropriate coordination among various stakeholders. Need of coordination is felt the most during design stage when different designers are designing various aspects of projects at their own places. They have their own constraints and requirements on design. Appropriate coordination among architects, structural engineers, M&E engineers and other specialist designers reduces the chances of conflicts for later stages. The project should also make sure that designers have understood what they are going to design and the final outcome is fully conforming to the client's requirements. Moreover, facilitating the interaction among various designers to bring a consensus on design is a vital trait and crucial duty of the project manager. Assisting interaction among several team members, getting all of them on a track towards the success of project and resolving differences among them are characteristics of a successful project manager.

Project Manager as Controller

The project manager has an important role in setting a program and budget for the project, and controlling activities to ensure that these are adhered to. This is particularly important for design activities. He has to track the progress of design to ensure the designers are following the program, that the necessary presentations are made, and that the client confirms acceptance within key milestones. He has to ensure the necessary consultations are made with authorities, and advices from required specialists are obtained. He has to ensure that the design is within budget by getting updated cost estimates at relevant times, and get the design checked for energy conservation, build-ability, maintainability, etc. He has to track all changes, to ensure that they do not deviate from the brief and do not jeopardize the approved program and budget.

Project Manger as Mediator/Conciliator

Aggravations and conflicts are now accepted norms in construction projects. A project manager, therefore, needs to manage different disagreements which occur among various design specialists. Conflict may also occur among different parties involved in the project and the project manager should be able to find a way for resolution. Contractors may not agree to the solution of designers on a particular issue. Users might not like the design or even client might be undecided about the final design. Potential of conflict due to varied requirements of different designers is also high on construction projects. A common dispute is among architects and structural designers. Architects often design structures which are hard and complex for structural engineers to design. Similarly, there may be conflict during construction when the designer wants a detail achieved at great cost to the contractor. Here comes the project manager into play while he/she tries to find a solution which is acceptable to all. Conflict resolution, mediation and conciliation must not be considered as win-lose task. The project manager should be astute enough to find the win-win solutions for related stakeholders in order to achieve successful project completion.

Project Manager as Team Builder and Motivator

Design is successful if the whole team gives its inputs and every member performs his job with commitment to reach the project goals. The project manager acts as a liaison among various teams of designers, as an overall team builder and motivator. He inspires all team members to perform the complex and tedious jobs and keeps them together during all stages, focused on project objectives and ambitions. Team building is one of the crucial factors for the project manager to successfully manage the design and the project at large. All team members should have a shared vision for the project, and motivation to fulfill the project aspirations. That is when the team members will give their best input and try to go beyond their potential to achieve the project goals.

Conclusions

The project manager is unquestionably crucial and central actor in a construction project. His/her effective and efficient role during all stages of project is vital for project success. Though the role of the project manager is commonly understood at project level, it has been often ignored in terms of design management. Effective and efficient design management can make a significant difference in how the project objectives are met. A project manager does not perform the design must not take over the designer's work. Rather, he should ensure that all requirements are being met and design caters to the client's demands and needs. Keeping the whole team informed, integrating the design effectively, motivating the team members and finally meeting the objectives of

project are his prime tasks. In addition to having soft and management skills, it is therefore advantageous for a project manager to be well conversant with technical design and design process and its logical flow.

In summary, the project manager is the key to success of construction project. He acts as ‘an extra eye’ on the project design and ensures that project ambitions are thoroughly considered during design. Although he does not design himself, he must understand the design process, recognize what matters should be given priority and what factors should be considered at various steps. With attention to design, the project manager can help to ensure that the project is delivered not only within time and budget, but also designed to fully meet the client’s needs and satisfaction. The issues discussed would assist management professionals in grooming their skills and taking proactive measures for effective management of projects in general.

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ARTICLE

Can China Save Capitalism

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ABSTRACT

This paper assesses China's Potential as global Capitalism's Systemic hegemony replacing America. It outlines the internal constraints that restrict China's capacity to serve as a global systemic hegemon in the foreseeable future with special emphasis on the nature of the Chinese political system and its capacity both for sustaining the level of economic growth that has occurred since the launch of the 'Four Modernizations' programme in 1978 and for articulating policies for the emergence of China as a global hegemon.

Key words: China, Capitalsim, hegemony, state party relationship

Can China Save Capitalism?

The credit crisis of 2007-2009 has revitalized the debate about the durability of US global hegemony. Since at least the end of the Second World War America has served as global capitalism's principle authoritative organizer – its armed forces guarantee the continued expansion and survival of global capitalist rule. American norms, procedures and transaction forms increasingly serve as standards for structuring capitalist regulation regimes throughout the capitalist world. During much of the previous six and a half decades it is buoyant American demand which has ensured relatively long upturns in the global business cycle and the corresponding brevity and shallowness of global capitalist recessions.

Since at least the mid 1970s many authors have argued that America's ability to serve as global capitalism's hegemonic power cannot last long. America now accounts for about 4 percent of the world's population and this share will probably be halved by the end of the century. America's share of global GDP measured in purchasing power parity terms has declined from about 50 percent in the late 1940s to about 21 percent today. America's savage military assaults on poor, destitute countries have usually lead to humiliating defeats and endemic chaos for America — North Korea, Cuba, Vietnam, Cambodia, Laos, Mozambique, Lebanon, Iraq, Afghanistan ad infinitum.

Most importantly the buoyancy of American consumer demand exacerbates the fundamental structural weaknesses of the American economy reflected in its massive fiscal and current account deficits. Therefore the time may soon come when America will have to relieve herself of "the white man's burden"

Can this burden be shifted to yellow shoulders? The first part of this paper will present the views of those authors who believe that China can replace America — like America replaced Britain in the twentieth century — as the new global capitalist hegemony. The second part will identify some internal obstacles which may prevent China from playing this role. The concluding section assesses these arguments.

I. Global Capital Expects China to do Her Duty.

The 2007-2009 credit crunch that emerged in America and much of Europe is usually attributed to a decline in non financial investments, a build up of corporate savings and an insufficient long term recovery of profits from the troughs of the 1970s. But West Europe and America have now been joined by what are called “the newly industrializing countries” as important engines of capitalist growth. The scope of the circuit of capital has expanded enormously since the 1970s and the volume of profit generated by capitalist investment has increased massively even if rates of profit in the old capitalist core economies remain below the peaks achieved in the 1960s. This means that new capitalist core regimes are beginning to emerge within global capitalist order. It is due to these new cores that over the period 1970-2006, annual real global GDP growth has usually approximated 4 percent and in only five years out of these 36 has global real GDP growth been below the average rate of growth of world population. (IMF2007). IMF data shows that there were five recessions during 1970-2006 but all of them were brief and shallow. Again this may be attributed to the astonishing resilience of the newly industrializing ‘emergent’ economies especially China whose growth rate did not slacken perceptibly even during the East Asia crises of 1997 – 1998¹. Old core countries based multinationals have benefited from the resilience of the new core countries and their rates of profits in countries such as China are often reported to be higher than in the old core countries². In China for example “from 1998 to 2006 profits of industrial enterprises soared from 2 percent of GDP to over 10 percent” (Lardy 2007). The World Bank attributes strong profit growth in China to improvements in efficiency and labour productivity (World Bank 2007).

It is sometimes asserted that the Chinese economy is not yet large enough to serve as a locomotive for pulling the global capitalist system out of the sort of recession it experienced in 2007-09. In 2008 China’s share of world GDP measured at current US \$ an exchange rate was only about 6 percent. But this is a serious underestimate due to the holding down of the \$ –Yuan exchange rate by the Chinese government. In purchasing power parity terms the share of the Chinese economy in world GDP was about 11 percent in 2007 (World Bank 2008). China has been growing at an annual average rate of about 10 percent during 1978-2008 and the investment to GDP ratio exceeds 40 percent in most years³. Over a fifth of global fixed capital formation now takes place in China. Estimates of profits remitted by foreign companies from China to metropolitan ‘home’ countries vary widely but are substantial and offset to some extent the reduction of profits in these countries due to enhanced Chinese competitiveness.

Profits earned in 2006 in China by US based multinationals exceeded the total profits they earned during the 1990s decade⁴. China remains however basically a domestic demand oriented economy. The World Bank (2007) estimates that during 2006-2007 over three quarters of Chinese GDP growth was accounted for by expansion in domestic demand. The import to consumption ratio is rising rapidly in China however and booming Chinese imports contribute significantly to global corporate profitability. In any case Chinese exports are more of a “threat”⁵ to the developing countries than they are to the West. In 2007 China’s exports to India, Brazil and Russia exceeded China’s exports to America⁶.

To see the 2007-2009 credit crunch as a typical Marx-Minsky crisis is anyhow misleading. Corporate profits have recovered significantly during 2001-2007 and the main industrial companies in most metropolitan countries have reduced debt and built up cash reserves. Corporate savings are at historical high levels and investors are looking for relatively low risk, high returns profits. Can China be capital’s next global metropole capable of sustaining high levels of capital accumulation not only in China but throughout the world?

The answer to this question is not yet clear. First it must be noted that China is experiencing many of the problems of the West. Thus bad debt accumulation is as much if not more a Chinese as it is an American phenomenon. Moreover most studies (O’ Hara 2006, Lavena and Fan 2008) show that though corporate profitability remains high in China it has been falling during 1990 to 2003. The capital – output ratio is also rising and the excess of saving over investment is growing as China’s external reserves are built up in America and Europe. Chinese population is also ageing as rapidly as the population of Europe and America. In his report to the 2007 National People’s Congress the Chinese Prime Minister. Wen Jiabao described China’s growth as “unstable, unbalanced, uncontrollable and unsustainable”⁷.

But all capitalist booms are “unsustainable, unbalanced, uncontrollable” and in the long run “unsustainable”. The current China boom has lasted almost three decades and there may well be a slowing down of output and investment growth in the foreseeable future. However even if we concede that China is not yet the most powerful locomotive which can pull global capitalism from its present crises China may well have the potential to play this sort of a role in the future. The next section outlines some constraints limiting China’s potential as a hegemon for global capitalist order.

II. Why China Is Perhaps Not Yet Ready.

Three decades have passed since the advent of the counter revaluation which partly overthrew Maoism in China. In 1978 Deng Xiaoping announced the famous ‘Four Modernizations’. These “modernizations” focused upon opening up China to foreign investment and trade in a manner which would enable China’s external sector to serve

as a key growth stimulant for the national economy. What is usually not recognized – as Hutton (2007) asserts – is that this did not involve a major withdrawer of the state from the economy: Local government controlled and managed Town and Village Enterprises (TVEs) flourished throughout the 1980s and it was their burgeoning profitability which attracted much foreign investment to China during the 1990s. No major industrial enterprise was privatized until 1997. Even in 2001 the state had control of 84 percent of companies listed on the Beijing Stock Exchange (Hutton 2007 p50). This reveals the connections between the current modernization and the Maoist past. The modernization built upon the success of the Maoist period especially as far as institutional redesign was concerned. Industrial decentralization undertaken by the Maoist regime was crucial to the structuring of the TVEs in the 1980s.

Envisaging China's emergence as global capital's hegemonic state requires an evaluation of the probability of the continuing balancing of the state dominance of the Chinese economy with the external sector's role as primary growth stimulant. During the past decade (1997-2007) much of export growth has been undertaken by foreign producers – American, European, Japanese — located in China's Sunbelt. Export growth at current levels thus requires sustaining a corresponding growth of foreign production capacity in China⁸.

Much of this increase in production will have to be financed by reinvested profits and borrowings in China. Moreover China's export growth is also likely to fall as major export markets contract and domestic demand orientation of the Chinese economy must therefore increase if China's output growth is to be sustained at current rates.

Increased domestic demand orientedness⁹ is also necessary because of the rapid upgrading of the technological skills of the Chinese work force (which remains low by international standards) unskilled “surplus” low paid workers central to export processing work are no longer easily available (Freshman 2006 p174).

The structural transformation that China has achieved during 1978-2008 refutes the argument that a comprehensive embrace of what Hutton (2007 p18) calls “Enlightenment values” has been necessary (Arrghari 2007) certainly more ‘economic and social freedom’¹⁰ is now available to the ordinary Chinese citizen than was the case under Mao. But political power remains firmly in the hands of the Communist Party and the 1989 uprising was almost a complete failure. So far China has followed the path of the first generation Asian tigers — Taiwan, South Korea and Singapore – which achieved growth by combining state dominance of the economy, single party authoritarianism and selective encouragement of market initiatives (Wade 1989).

Western exporters have found it extremely difficult to penetrate the domestic Chinese markets. Nine years have passed since China's accession to the WTO but this has had very little impact on China's imports from the West (Freshman 2006 p43-46).

This is partly because of the grossly inequalizing character of Chinese growth throughout the modernization era Croll (2006) cites a 2005 government survey which calculated in that year that the top 10 percent of China's population owned 45 percent of the country's personal wealth while the poorest 10 percent owned only 1.4 percent. Moreover Croll finds that inequality is increasing so that downward social mobility (from middle to lower income groups) is more common than upward mobility (Croll 2006 p22). Since the mid 1980s the income gap between town and country has widened and in 2003 a large proportion of peasants (estimated variously at 23 to 50 percent of the rural population) lived at or below the official poverty line (Croll 2006 p71-81). Regional inequality is also very high in China with the Muslim North Western peasant regions desperately poor.

The gap between the rich and the poor is greatest in the cities. According to Croll between 9 to 12 percent of urban residents lived below the officially defined poverty line in 2003. As Croll emphasizes these estimates exclude the tens of millions of rural "temporary" migrants to the cities (2006 p137). In Croll's view income disparities constitute the single most important constraint on the growth of China's mass consumption.

Growing income and asset disparities have produced mass protest and unrest specially from peasants who still number over 350 million in China: since the early 1990s they have been hurt both by declining agricultural terms of trade and by exorbitant local administration taxes. Government corruption is rampant in the countryside (O' Brian et al 2006)¹¹. Local taxes are usually illegal (not sanctioned by the state). The central government often sees these taxes as harmful for they reduce farm output. Since about 2000 per capita food production has been on a declining trend exacerbating inflation. But the central government's ability to control local administrations is limited. Protests against local taxes usually seek to provoke central government authority to act against that of local administration, mobilizing around the time honored Chinese adage "the Emperor is just but his officials are corrupt" and these protests should not be seen as a protest against the whole system.¹²

Peasant unrest has led to the migration of between 110 to 150 million people to the cities (Hutton 2007 p106). They perform slave labour in atrocious conditions (Chan 2001). Since the mid 1990s between 50 to 80 million workers have been made redundant due to the restructuring of state enterprise (Croll 2006 p110-114)¹³. Workers protest movements have been sustained by support from both rural migrants and resident ex-employees of state owned enterprises and have risen dramatically since the mid 1990s (Chiang 2007) Factory closures have not been resisted and protests concentrate on inadequacy of redundancy payments. Moreover there were very few instances of plant level resistance spreading through out the city or region. However these protests were successful in achieving major pension and redundancy payment reform which was enacted by 2001 and since that year there have been no major resistance movements of laid off workers.

The anti redundancy movements were concentrated in the “Rust Belt” dominated by heavy capital goods making plants. Since 2001 a wave of strikes have also hit the “Sun Belt” – the home of the new expanding export oriented firms. The “new wave” strikes are also defensive¹⁴. They are best seen as demands for the effective implementation of the existing labour law. Thus these straggles are not against capitalism but against capitalists who violate capitalist laws to compensate for declining profit rates¹⁵. The working class protesters in cities such as Shenzhen are trying to use the power of the capitalist state to discipline capitalist enterprises. Workers protests against systemic non implementation of capitalist laws is tolerated as long as it remains “spontaneous” plant specific, non political and does not involve the organization of independent¹⁶ unions. In my view there is no evidence that the “new wave” unrest seriously threatens the dominance of the existing governance system. I see the Chinese incumbent regime as headed for the gradual piecemeal introduction of the type of social democratic reforms that were introduced in Germany during the last decade of the nineteenth and the first decade of the twentieth century.

China is now a full fledged non liberal capitalist economy like – late nineteenth century Germany and Japan – with the commodification of land and labour the intermingling of corporate and state property and the systemic dominance of finance capital¹⁷. China has also succeeded in developing an authoritarian capitalist state structure during the first decade after the introduction of the ‘Four modernizations’ which led to the defeats of the imperialist funded 1989 unrest and avoided the type of implosion of state and Party that the USSR and East Europe experienced¹⁸.

The economic power of the state is reflected in the continuing strength of both state owned enterprises and local governments which own a great deal of financial capital and are major players in the land market. State enterprises are seen as the development arms of the governments. Unlike foreign firms and joint ventures state firms produce mainly for the domestic market and not for exports. Since 1998 reducing dependence on foreign markets and increasing production to serve domestic demand has been a major objective of state economic policy (Yun-Wang 2005)¹⁹. Infrastructure and info structure investment by the state is specifically directed to this end. During 1990-2006 over 90 percent of investment in China has been domestic market oriented and rates of return to domestic investment have been exceptionally high (Yun-Wang 2005). The Chinese labour force – specially that employed in domestic and state enterprise – has been ruthlessly exploited and in a typical year more than 40 percent of GDP is absorbed in capital formation.

Many of China’s new billionaires²⁰ have emerged from the ranks of the state bureaucracy and maintain their links with both state and party apparatuses. They have been the major beneficiaries of state enterprise privatization. Close links with the Party is “good for business” Managers of state enterprises and banks, like their German and

Japanese predecessors, function as state capitalists – many of them own shares in workers co-operative and state corporations. The banking system – which is still 80 percent state owned²¹ – is a very generous source of cheap investment finance (specially for local government ventures). Over 50 percent of bank financing is for state owned enterprises²². Very generous lending has burdened the Chinese banking system with a high level of bad debt. (The infection ratio was rumored to be almost 50 percent in 1999-2000). This accentuates the crises management role of the state.

Economic liberalization has been a state project in China since 1978 – as it was in Bismarck's Germany. The governing role of the Communist Party and the State Council remains crucial in the whole process. The form of state governance has been restructured to foster bourgeois dominance of the social order (and some would say also of the state form). The state has not shrunk in the process – quite the contrary it has “sprawled” and the complexity of state social intervention has increased enormously.

The essence of this “state sprawl” is the structuring of a new relationship between central and local government. The central government remains firmly in command and market and society liberalization occurs not spontaneously but in response to the promulgation of new laws by the state. This has been accompanied by a downward shifting of state power. Autonomy of local – specially city – governments has been expanded significantly. Fictionalization of the Party seems to have increased in response to struggles for preserving or enhancing autonomy of different tiers of local government²³. Big city factions seem to have acquired particular strength within the Party (Wu 2003). Local government authorities – at different tiers – city, provincial and county – are China's principal “overseers of development”. They have been given specific powers – including seizure of land and sanctioning of infra structure facilities – to foster “growth enhancing partnerships”. State and party officials at the local level are encouraged to play an entrepreneurial role: They have stakes in private businesses and serve as managerial directors of state enterprises. Party cadres are assessed for promotion within the Party on the basis of their effective participation in development projects.

Local governments also enjoy an enhanced level of fiscal autonomy – their revenue depends more on local rents and taxes than on central government subventions. China is now one of the most decentralized states in the world in a fiscal sense. A vital source of local revenue is business taxes and profits and sales of state firms. The local state and Party have become agents of particular capitals.

This is also at last partly true of the central government and Party apparatus. Central government and Party officials protect – and benefit from protecting – particular capitalist interests. Since 2002 private businessmen have been admitted into the Party and they are now said to constitute the majority of its national leadership (Dickson 2005). But like in Bismarckian Germany and Meiji Japan the ultimate legitimacy of the

central state (and Party) derives from its ability to ensure capitalist development in China as a whole – not just the advancement of particular (regional and corporate) capitals. The central state and Party remain committed to a widespread diffusion of the benefits of capitalist development throughout China and periodically launch “campaigns against corruption” to address the most rampant injustices.

III Can China bear the White Man’s Burden?

China cannot be the main force behind capitalist revival in the present downturn²⁴. The weight of Chinese production consumption and finance in global aggregates is simply not large enough today to enable China to play a leading role in world capitalist revival. Indeed Chinese growth may itself decelerate due to the global recession since China remains dependent on both exports and imports as growth stimulants because of her low technological development and distributional constraints on the expansion of domestic demand: Moreover since multinationals and not state owned firms are the main driving force behind Chinese export growth, setbacks in headquarter countries (U.S, Europe, Japan etc). may reduce foreign investment in China thus restricting that country’s export growth.

This does not of course mean that China cannot play an important role in global capitalist revival. Obviously it can, since it continues to grow at least three times faster than the metropolitan capitalist countries and is therefore an increasingly significant absorber of “surplus”²⁵ capitalist production and savings. The question therefore is, can Chinese high growth be sustained for a sufficiently long period to enable it to eventually replace America as the global capitalist hegemon as America replaced Britain in the twentieth century?. There is also the question; does the Party leadership seek to play a systemic hegemonic role.

In the case of the United States the main stimulant to development has been the growth of domestic demand. The Chinese government recognizes that increased domestic demand orientation is crucial both for growth sustenance and for reducing macroeconomic instability and sectoral imbalances (Croll 2006 Chapter 8). The main constraint on the growth of domestic consumption specially for the types of goods that China itself produces is the increasingly unequal distribution of income and wealth leading to the concentration of purchasing power in the hands of groups with relatively high propensity to import and high propensity to save²⁶. But is prioritizing domestic demand growth compatible. with the political agenda of the post Maoist modernizing Communist Party (CCP).

The Post Maoist CCP has built an “absolutist” capitalist state²⁷. Table1 contrasts liberal and absolutist capitalist state structures.

Table 1: Liberal and Absolutist Capitalist State Structures.

Structural Element	Liberal Capitalist State	Absolutist Capitalist State
Tasks	I. Establishing market dominance over society. II. Separation of public and private spheres of society.	I. Expansion of the public sphere. II. Maintaining a balance between plan and market authority. III. Private atomization.
Personal recruitment	Intellectual and personal qualities enabling effective representation leading to an absorption of the will of all into the general will ²⁸ .	Technical and mobilization ability to ensure / enhance mass acceptance of the governing group's conception of the general will ²⁹ .
Resources	Taxation	Public investment Taxation Price setting.
Modus Vivendi	Impersonal rule application, Legalism.	Administrative decree, governing groups bargaining and factionalization, selective subsidization and penalization
Patterning of authority	I. Separation of executive legislative and judicial authority and apparatus II. Bureaucratic hierarchy	I. Executive dominance. II. Ad hoc interventions and initiatives of apex political authority. III. Party organization at mass level.
Output Domestic policy	I. Legal procedure unification. II. Development of the market.	I. Administrative regulation (also) of market forces. II. Development of productive forces.
Output Foreign policy	International co-operation and competition and promotion of global market strength of nationally based capital. War unending to sustain competitive advantages.	I. Imperialist expansion for preferential access to markets and recourses II. Promotion of interests of national capital through international bargaining.
Output State society relationship	Formal separation of state officials from social organization	I. Merger of public and private bureaucracies II. State (official) penetration of mass organizations.
Social spirit	Discipline	Technical flexibility Mass mobilization

Source Based on and derived from Poulantzis (1973) and Theoborn (2006)

China does not of course fit neatly into our “absolutist” capitalist state category which is no more than a heuristic device. Nevertheless China is significantly closer to the “absolutist” than to the “liberal” capitalist category.

China is no longer “a dictatorship of the proletariat”³⁰ but it is a dictatorship nevertheless and the Maoist political programme and infrastructure has been modified but not abandoned. I hold this view because.

- The state has “sprawled” – its sphere of social intervention has expanded not shrunk.
- Planning has not been abandoned. The state seeks to govern the market not just regulate it.
- The state promotes social atomization of individuals through intensified competition at all levels.
- Mass mobilization “campaigns” play an important role in enhancing state legitimacy.
- Public investment remains large and state firms continue to produce a large proportion of total output.
- Factionalization at all party and government levels and bargaining at the top largely determine political outcomes.
- Party declarations and ad hoc administrative decrees are major instruments for policy articulation.
- Modernization / development is the *raison d’être* of CCP’s monopoly of political power.
- Promotion of Chinese economic interests is the principle objective pursued by Chinese foreign policy.
- There is wide spread merger of state and private sector bureaucracies and continued party presence at factory level.

Can such a state aspire to and achieve hegemonic status within global capitalist order? One broadly similar state, Bismarck’s Germany tried to achieve global hegemonic

status and was defeated by America. In my view it is unlikely that China will embrace similar ambitious for China does not need the “living space” access to which determined Germany’s political strategy during 1871-1944. Moreover the difference in the military capacity of China and the United State is so large that contesting US global hegemony militaristically is currently unlikely to be seen as a realistic policy objective by the CC.

Crucial to understanding Chinese strategic ambitions is a grasp of the relationship that has developed between local and central government in post Maoist China – China is today one of the most fiscally and administratively decentralized states within global capitalist order. The executive authority of local government tiers has expanded enormously since 1979. “State sprawl” involves a deliberate and planned shift of executive authority to local government tiers which are seen as the principle executors of public development policy.

However this expansion of the executive authority of local governments has not weakened the central state institutions. This is because modernization / liberalization is not a spontaneous process in China today³¹. It is a central state project. The role of the Communist Party and the State Council remains crucial in determining the pace and direction of capitalist modernization. The Communist Party deliberately and in a planned manner facilitates the embourgement of economy and society. As noted above since 2002 businessman have been admitted into the Party and the ranks of Chinese billionaires have been swelled by ex bureaucrats exploiting links with local and central party and state apparatuses. Both local and central state structures have extensive links with multinationals and factional straggles within the Party and state institutions often reflect a clash of business interests.

The Communist Party now represents the bourgeois and like Bismarck’s Germany, China has become a “dictatorship of the bourgeoisie”. But the bourgeois are a small minority and prioritizing their interests exacerbates income and asset distributional inequities. The role of the Communist Party and the central state leadership remains crucial in (a) reinterpreting ideological discourse to legitimate socio – economic embourgement and the distributional inequalities it entails. (b) ameliorating the worst consequences of these inequities and spreading the benefits of development throughout China to facilitate the growth of domestic demand.

The continued need for central state policy dominance has been widely recognized throughout China. China has been a unified state since 221BC when the Qin dynasty put an end to the ‘Warring States’ era (475 BC to 225 BC). This period and the proceeding one (770 BC to 476 BC).³² when China was divided into several independent states is widely regarded as disastrous in China as is the period of the ‘war lords’ characterizing the later years of the Qing dynasty (1644-1911) and the period of nationalist

rule (1911-1949). Authors such as Bray (1984) particularly stress the adverse impact of the decline of local trade which accompanied state structure fragmentation in China. Self governing local communities have usually not flourished in China (Xu and Wu 2001). It is not surprising that while local governments struggle against each other for greater central government patronage and privileges they do not struggle for restricting the authority of the central government institutions or the Party³³.

The authority of the central Chinese state is not being undermined by increased local autonomy and there are no credible threats to Chinese unity. The exception to this may be Tibet and the Muslim dominated provinces of Xinjiang, Qinghai, Gansu and perhaps Sichuan where resentment against Chinese rule is increasingly widespread and where China continues to pursue a brutally repressive policy for the last six decades: In these province the local population is being turned into a minority and is systematically denied access to material resources and employment opportunities (French 2003). In the Muslim provinces and in Tibet large segments of the local population have since 2006 been herded into reservation settlements like those imposed on Red Indians and Aborigines in America and Australia, These people are without employment and ravaged by disease and alcoholism. This facilitates Chinese exploitation of the mineral and agricultural wealth of these regions (Hore 2007 p83).

Occupation of the Muslim provinces and of Tibet is justified on grounds of imperialist conquest (by the Yuan, Ming and Qing dynasties) The People's Army and local state forces continue to act as an occupation force in the Muslim provinces and in Tibet. Unlike the rest of China mass resistance in the Muslim provinces is against Chinese state authority and not for combating systemic corruption³³.

Together the Muslim majority and Tibetan majority provinces constitute one third of China's land mass³⁴. Maintaining control of these areas is an important Chinese imperialist policy objective³⁵. But beyond this China has no expansionist ambitions. Nor is it likely to have and hegemonic ambitions as large as the disparity in terms of military strength with the United States remains huge.

Therefore China is not a contender for the role of global hegemon as Germany was in the first decade of the twentieth century. It is quite happy to play second fiddle to America. It has invested hundreds of billions of dollars in American government treasury bills. It actively supports the American war of terror in Afghanistan and Iraq and endorses the American strategy in the Middle East and in Pakistan. As a member of WTO and other inter governmental organizations it continues to adopt and adapt Americana's economic standards and procedures. China is not ready to shoulder the white man's burden nor is the White Man willing to transfer this burden to yellow shoulders.

Notes

1. The recovery of the other East Asian economies — South Korea, Malaysia and Thailand — was also astonishingly rapid
2. Evidence on this is mainly conjectural for estimates of corporate profitability in America (for example) exclude profits of these companies from overseas operations.
3. Figures in this paragraph are from World Development Indicators, an annual publication of the World Bank. (Various years).
4. U.S Today 25th October 2007.
5. To conceive of Chinese exports as a “threat” to global profitability is a mercantilist perspective Chinese exports may alternatively be seen as stimulating both consumption and investment growth specially in developing countries.
6. The Economist. 6th March 2008.
7. Reported in Financial Times 13th March 2007.
8. Hutton (2007 p31) maintains that if Chinese exports maintain their current growth over the next fifteen years Western multinationals already in China would have to maintain a rate of growth of output which has to be six or seven times higher than the rate of growth of their domestic markets.
9. Thus is already occurring since as we noted earlier only a quarter of China’s GDP growth during 2006-2007 was due to export expansion.
10. These freedoms most significantly include the right to strike specially for state workers.
11. O; Brian (2006) says that these were the most serious peasant protests since the time of the Great Leap Forward
12. It needs to be stressed that there was no mass support of the 1989 uprising. However in 2003 Chen and Wu published their famous Will the Boat Sink the Water detailing peasant oppression. It was banned throughout China. It sold an estimated 12 million copies over eighteen months and was seen as “inciting sedition” by the government.
13. In some Muslim North Eastern regions unemployment is said to have reached 8 percent in 2000 (Becker 2001 p 38-48).

14. That is they protest denial of workers' rights as defined by existing laws (especially failure to pay wages on time).
15. Profits in Chinese export oriented industry have been failing since 2002. Due to over production and intensified competition.
16. That is non Communist Party dominated unions.
17. This trend is however not yet complete.
18. This is not to deny that much of China remains pre capitalist. Capitalist property and finance has not penetrated many parts of the economy and state authority is not fully articulated as an agent of capital accumulation.
19. Although exports have risen significantly since China's entry into the WTO in 2000 and the export to GDP ratio stood at 37 percent in 2007.
20. In 2007 there were estimated to be seven (billion) dollar billionaires and about 300,000 (million) dollar millionaires in China (Walker and Buck 2007 p54).
21. Although it is being cautiously privatized.
22. State bank financing played a major role in preventing collapse of state enterprise during 2000-2004.
23. Expansion of the power of metropolitan cities to annex neighborhood smaller cities seems to be particularly contentious.
24. That is the 2007-2009 recession.
25. "Surplus" in the sense that effective demand does not exist for their purchase
26. This is also a major cause of the relative unprofitability of state owned firms and Town and Village Enterprises (as against foreign firms) which produce mainly for the domestic market and not for exports.
27. The term is Perry Anderson's. See his classic study (1971). However our conception of the "absolutist state" differs significantly from Perry Anderson's conception.
28. The liberal capitalist state most ensure that the majority of the citizenry ('the will of all') continues to endorse. 'The general will' which legitimizes capital accumulation as the socially supreme end in itself.

29. Increasingly publicly sanctioned market transactions are presumed to define the general will. The liberal capitalist state seeks to protect and promote (through law and administration) specific market conceptions of the general will. In absolutist capitalist states the governing group (s) defines the general will on the basis of a prioritized group (usually nation or class) interest. This usually leads to a greater or lesser, increasing or decreasing subordination of the market to the plan. For a classic discussion of the relation of the will of all to the general will see Rousseau (1984). For a justification of conserving of the general will as the will to perpetually priorities capital accumulation as the socially supreme end in itself see Ansari and Arshad (2006 chp2).
30. I have argued elsewhere (1990 sec11) that the “dictatorship of the proletariat” is also a capitalist state form on the grounds that the ultimate objective perused by the dictatorship of the proletariat is material abundance and this legitimates the prioritization of (long run) capital accumulation as an end in itself.
31. As it was in America in the 19th century when state governments contested federal functional authority.
32. Called the Spring and Autumn period of China’s history.
33. This is also true of the peasant and worker protest movements which straggle usually on the bases of the platform “The Emperor is just but his officials are corrupt”. They resent the abuse of authority and do not regard the constituted state authority as unjust or inefficient or illegitimate.
34. But they account for only about 2 percent of China’s population.
35. An objective increasingly difficult to achieve due to growing popular resistance despite the absence of any significant external support for the Muslim resistance.

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ARTICLE**Foreign Direct Investment and Labour Productivity
in Nigeria's Manufacturing Sector****Nasiru Musa Yauri**Usmanu Danfodiyo University
Sokoto, Nigeria**ABSTRACT**

This paper investigates the relationship between Foreign Direct Investment (FDI) and labour productivity. The paper is able to clarify whether employees of foreign firms record significantly higher productivity levels than their counterparts in domestic firms in Nigeria's manufacturing sector. Using data from the World Bank Nigerian Manufacturing Survey 2001, employing an Ordinary Least Squares (OLS) regression model run on STATA, the paper finds that employees in foreign firms exhibit higher levels of productivity than their counterparts in domestic manufacturing firms. On the basis of this finding, the paper speculates on whether the differential is as a result of better training by foreign firms or due to greater capital intensity and better technology available to foreign firms. There is need for further research to substantiate these speculations. Result from this study did not reveal which of these factors is responsible for the difference in the labour productivity between domestic and foreign firms in Nigeria's manufacturing sector. There is also no existing study to show that the difference in the productivity levels of foreign and domestic firms in Nigeria's manufacturing sector is explained by the presence of more training, capital and technology in the former.

1. INTRODUCTION

Whether foreign direct investment (FDI) is associated with higher levels of labour productivity is relevant in explaining the relationship between FDI and host economies. It is also relevant in explaining the relationship between FDI and domestic firms. It is yet relevant in the determination and application of policy regimes aimed at attracting FDI, especially in less developed countries that hope to receive multiple benefits (investment finance, technology, skills etc.) from the inflow of FDI. It explains the role of foreign direct investment in the transfer of technology and skills in host economies both in FDI-recipient firms and their counterparts that are fully owned by domestic entrepreneurs. All these are particularly important in technology and knowledge-scarce economies like Nigeria where the dearth of technology and the knowledge and skills to manage it have significantly retarded the growth of a viable local manufacturing industry. Anyanwu (2002) agree that the decline in productivity and capacity utilisation in the manufacturing sector could be explained by low level of technology, low investments, and high cost of production, inflation and poor performing infrastructures.

Research on the effects of FDI in recipient countries has presented different outcomes on the relationship between FDI and labour productivity. Whereas some report that FDI has provided domestic employees and entrepreneurs with new skills (Djankov and Hoekman, 1999; Sousa 2001; and Gorg, Strobl and Walsh, 2002 among others), others report that clear evidence of such a relationship does not exist.

This paper contributes to empirical research on the effects of FDI on recipient economies. It investigates the effects of FDI on domestic firms that are recipients of foreign investment. The paper sets to determine whether foreign investment is associated with improvements in labour and managerial skills. The paper assumes that to investigate whether FDI is positively associated with improvement in the capacity of labour, it is appropriate to investigate whether FDI is positively related to labour productivity. In its approach to the problem, the paper tested for any significant relationships between the presence of FDI in some Nigerian manufacturing firms and the productivity of employees in those firms. This is done in comparison to productivity levels of employees in domestic firms in the same industry. If the results exhibit higher levels of labour productivity in FDI-recipient firms, then it is important to ask, why are employees more productive in foreign firms than in their domestic counterparts in Nigeria's manufacturing sector? Is it because foreign firms employ more effective corporate governance than their domestic counterparts? Or is it that employee motivation due to better remuneration and good working conditions is better in foreign firms? Or perhaps because employees in foreign firms employ better technology and work tools than their counterparts in domestic firms? Or is it merely because foreign firms have more access to financial capital than their domestic counterparts? Thus, from the outcome of the empirical analysis, the paper attempts to proffer some explanations on why foreign firms exhibit higher labour productivity than their domestic counterparts. In doing so, the paper relies on the outcomes of some empirical studies that tend to provide relevant explanations.

The paper is presented in five sections. After this introduction, the paper examines the nexus of FDI and domestic economies, particularly developing countries. That was followed by a review of empirical evidence on the relationship between FDI and firm performance in recipient economies. Section four is an explanation of the methodology employed in the study. After the methodology, the paper presents the results of the data analysis and interpretations of the results. The last section is summary and conclusions.

2. Foreign Direct Investment and Domestic Economies- A Review of the Nexus

The presence and activities of multinational corporations in the developing world has been the subject of controversy in development policy. It is noteworthy, however, that the theoretical background for the negative verdict on the effect of foreign investment on developing economies is largely from the ideological left (for example, the peripheral capitalism and Latin American dependency theories). The skepticism

shown is often partly based on negative effects of the late 1960s and early 1970s, with blatant examples of incorrect behaviour e.g. inappropriate influence on political decisions, exploitative wages and poor social conditions. In recent years, the impact on developing countries of multinational corporations has been judged more favourably. More recent comparative surveys by the International Labour Organisation (ILO: 1981) of social conditions, effects of employment and training by multinationals and local companies paint a positive picture for multinationals.

It is true however, that up till today, a matter of concern to experts on global economic integration, global trade and development policy is whether the global movement of financial capital impacts positively on recipient economies. Whereas various studies have investigated the effects of FDI on specific firms, sectors and segments of recipient countries; research on the aggregate effects of FDI on recipient economies is rather scarce. This has made it difficult for the resolution of the disagreement on the aggregate effect of FDI on host economies. Not all economists, therefore, agree that the aggregate effect of FDI on developing countries is positive. Girma (2005), for example, is of the view that while increased economic integration has given rise to FDI with host economies benefiting from increases in living standards, one should still remain cautious of the often observed positive correlation between inward FDI and subsequent increases in economic growth since this does not necessarily imply a causal relationship. Girma's caution, however, is not a conclusion that such positive correlation between FDI and growth in host economies generally, and specifically in domestic firms does not exist. This is because, as mentioned earlier, despite the nexus between FDI and host economies (particularly developing countries), many studies have found that host economies stand to gain from the inflow of FDI.

This explains why in their quest to attract a larger share of global FDI flows, many developing countries especially those in Sub-Saharan Africa (SSA) have over the past decade or two carried out series of economic reforms aimed at increasing the role of the private sector in development. They have opened up their economies to foreign investment by eliminating various types of regulatory barriers (Obwona: 2004). Vo and Batten (2006) agree that to capture many of the economic benefits arising from international integration, many countries-especially developing countries-are undertaking reform agendas designed to improve the efficiency and scope of their domestic financial systems and remove structural impediments that may retard cross-border flows. The United Nations Conference on Trade and Development, UNCTAD (1999) reported that by 1999, Nigeria has signed six (6) bilateral investment treaties (BITs) and eleven (11) double-taxation treaties (DTTs) aimed at encouraging the inflow of FDI. The focus of this paper is on whether manufacturing firms in Nigeria stands to benefit from the inflow of FDI, especially through increases in labour productivity.

A reasonable number of empirical studies on the relationship between FDI and host economies show that the efforts of the developing countries will be rewarded in

the long run. Studies indicate that while some policy makers remain circumspect about the long term benefits arising from inward (or inbound) portfolio investment, often citing the dangers to domestic financial system stability arising from its speculative component, there is a general consensus that FDI, by virtue of its longer term nature, has a more favourable economic impact (Vo and Batten, 2006).

At the macroeconomic level, the influx of FDI has been generally associated with technology transfer and GDP growth in host economies (Lipsey, 2000; Dees, 1998; De Mello, 1997). In this regard, FDI contributions to growth comes through its role as a conduit for transferring advanced technology from industrialized to developing countries (Dimelis, 2005; Schneider, 2005 as cited by Vo and Batten: 2006). It has also been shown that FDI boost economic growth through productivity gains, and the introduction of new processes, managerial skills and know-how in the host countries (Girma, 2005; Li and Liu, 2005 as cited by Vo and Batten: 2006).

In addition to all of the above are the traditional arguments in favour of multinational activities and FDI in developing countries. In this argument, it is proffered that there exist gaps which inhibit the rate of growth in the less developed countries. It is argued that multinational corporations and FDI are beneficial to economic development in the less developed countries because they help in filling these gaps. According to Todaro (1981:403) the pro-foreign investment arguments grow largely out of the traditional neoclassical analysis of the determinants of economic growth. Foreign private investment (as well as foreign aid) is typically seen as a way of filling in gaps between domestically available supplies of savings, foreign exchange, government revenue and skills, and the planned levels of these resources necessary to achieve development targets. This is better explained using the Harrod-Domar model. Using the Harrod-Domar growth model, it is explained that there is a direct relationship between a country's rate of savings and its rate of output growth. The model postulates a direct relationship between a country's rate of savings, s , and its rate of output growth, g , through the equation, $g = s/k$, where g is the expected rate of output growth, s is the rate of savings and k is the national capital-output ratio. Thus, if a country targets a 7% rate of output growth, and if its capital output ratio is 3%, then the required rate of savings to finance the growth is 21% ($s = g \times k$). If the locally mobilised savings is only 11% then there is a savings-investment gap of 10% which can be financed by foreign resources. Thus, FDI fill this gap between targeted investment and locally mobilised savings. By so doing, FDI facilitate economic growth and development in the less developed countries.

Despite the fact that the gap-filling arguments date back to the early 1970s, research has continued to show that most developing economies still experience shortages in savings, foreign exchange, government revenue, labour and managerial skills. Thus, the gap-filling arguments are still plausible explanations on the benefits of FDI and multinationals to developing countries.

3. FDI and Firm Performance in Host Economies- A Review of Empirical Evidence

The possibility that firms will perform better when they receive FDI is sufficient motivation for developing countries to want to attract FDI. The tendency of FDI to influence productivity levels in Nigeria's manufacturing sector is sufficient motivation for the Nigerian government and the association of manufacturers in Nigeria (MAN) to want to attract increased FDI in the sector. This is especially because the sector has for a long period of time been suffering from low productivity and low capacity utilization. This has been adequately reported by scholars (Table 1). Adhoc studies conducted by Akinlo (1996) also indicated that, on the average, there was little rise in productivity in Nigerian manufacturing during the time of study. In a study of the productivity of food and basic metal industries in Nigeria, only 30 percent of respondents indicated they had rising productivity. About 11 percent recorded no growth, while more than half, 57 percent, recorded declining productivity levels. Anyanwu (2002) has studied the growth rate in the manufacturing sector from a historical perspective and found that growth rate in the sector was relatively high in the period 1966-75 at an annual average of 12.9 percent. Growth in the sector expanded in the period 1976-85 with the establishment of more import substitution industries, with an annual average growth of 18.5 percent. However, with the collapse of the world oil market from the early 1980s and drastically reduced foreign exchange earning capacity, the sub-sector was no longer able to import needed inputs. Hence, manufacturing output growth fell drastically to an annual average of about 2.6 percent during 1986-98, even with the introduction of Structural Adjustment Programme (SAP) in 1986. For the period 1993-98, growth in the sector was negative.

From the sample of studies cited above, it is evident that domestic manufacturing firms in Nigeria have suffered from declining productivity and low growth rates. On whether FDI is a panacea, however, evidence must indicate whether or not there is difference in the productivity levels between firms that receive FDI and those that do not. Majority of researches that support the existence of positive complementarities between foreign and domestic firms, assert that these complementarities essentially enhance the productive abilities of domestic firms.

Obwona (2004) argue that for domestic firms, the contagion effect or knowledge diffusion can lead to improvements in productivity and efficiency of local firms. Many empirical works have proven to that effect. For example, Yauri (2006) found that domestic firms that receive FDI in Nigeria's manufacturing sector benefit from technology transfer. In similar findings, many other studies have found positive complementarities between FDI and domestic firms. A number of researches find that foreign direct investment is a source of technology transfers between foreign and domestic firms in some countries. Scholars who arrive at this finding suggest that technology transfer is one of the positive effects of foreign direct investments because it enhances the productive abilities of domestic firms.

In a comprehensive study, Kinoshita (1998) explains there are four channels through which FDI can possibly affect the productivity of local firms through technology transfer.

First, is the demonstration effect; or contagion-imitation effect. This is supported by Kokko (1994). In explaining the demonstration effect; differences exist in the levels of technology between foreign and local firms. Foreign firms with more advanced technologies enter a local market and introduce newer technologies to the industry. Through direct contact with foreign affiliates, local firms can watch and imitate the way foreigners operate and can therefore become more productive. This may also occur through a labour turnover from foreign to local firms in which case, employees from foreign firms are employed by domestic firms and they bring with them knowledge of new technologies employed by their former employers. The existence of this kind of channel is recognised by Findlay (1978), Koizumi and Kopecky (1977) and Das (1987). And importantly, this is the one of the conduit through which technology brought by foreign direct investments can benefit domestic firms, regardless of whether the firms are recipients of FDI or not.

Gorg and Greenaway (2004) agree with Kinoshita (1998) that imitation is the classic transmission mechanism for new products and processes. One mechanism writers commonly allude to in the theoretical literature on technology transfer from developed to developing economies is reverse engineering as supported by Das (1987) and Wang and Blomstrom (1992). The scope of reverse engineering depends on the complexity of products and processes, with simple manufactures easier to imitate than more complex ones.

Secondly, the competition effect may occur as follows: the entry of foreign firms lead to more intense competition in the local industry and local firms are forced to be more efficient in using existing technologies and resources (Kinoshita, 1998). Local firms may also have to introduce new technologies by themselves in order to maintain market shares. Increased competition may be able to eliminate monopolistic profits and enhance the welfare of a host country. Many scholars believe that through this channel, domestic firms that compete with foreign firms, their partners or subsidiaries are forced by the competition effect to adopt new and improved technical processes. Gorg and Greenaway (2004) agree that unless an incoming firm is offered monopoly status, it will produce in competition with indigenous firms which leads to a horizontal spillover of technology. They further explain that even if indigenous firms are unable to imitate the multinational's technology and production processes, entry of the multinational firm puts pressure on them to use existing technology more efficiently, yielding productivity gains.

Third, spillovers through backward and forward linkages may arise when foreign affiliates materialise transactions with local suppliers and customers. When the

cost of communication and transportation is high, then the MNCs often choose to purchase intermediate goods from local producers. Foreign firms may provide technical assistance and training to local suppliers, or may assist them in purchasing raw materials so as to maintain the quality of intermediate goods. Even in the absence of such direct involvement, local suppliers are forced to meet demand for higher quality and on-time delivery and to innovate more (Kinoshita, 1998). This is the “backward linkages” effect. Backward linkage is encouraged in the presence of “local content requirements”- which means that foreign firms have to purchase a certain percentage of intermediate inputs in a host country instead of importing from suppliers abroad. It is also possible that technology spillovers occur through forward linkages. Kinoshita (1998) explain that in many industries in developing countries, as technical complexity increases, domestic producers may seek to purchase intermediaries from suppliers whose goods are superior to those obtained from local suppliers.

Fourth, the costly effort to train local workers lead to productivity improvements (Kinoshita, 1998); this is another technology effect of FDI. Many believed that training is an avenue through which FDI transfer technology to domestic firms. Kinoshita (1998) explains that this is referred to as the “training effect”, in which case on-the-job training may be provided by foreign joint ventures partners, foreign buyers or suppliers leading to a vertical effect of FDI on domestic firms. Often local firms train their own workers to increase product quality in order to cope with foreign entrants with a competitive edge. The arrival of new technology alone may not create productivity growth in a host country unless the labour force builds up the corresponding skills. Jovanovic (1997) explains that technologies are laws of physics that are relevant to a particular way of producing something. These laws are described in blueprints. A blueprint, however, is an incomplete description of what it is useful to know about the technology at hand, this incompleteness creates a role for training and learning by doing as ways of building up the specific human capital. Thus, training which involves the accumulation of these skills is considered as an invaluable investment and an important ingredient in the transfer of technology since the skill acquired is specific to the technology.

In addition to the four broad avenues by which domestic firms might benefit via technology spillovers from FDI, is the effect of FDI on domestic firms (both vertical and horizontal) through the transfer of labour and or managerial skills. Results from various case studies indicate that domestic firms are likely to experience increased availability of skilled labour due to the presence of FDI.

Gorg and Strobl (2002) have noted that empirical work that investigates the effects of FDI on labour skills is scarce. They noted, however, that the International Labour Organisation, ILO (1981) and Lindsey (1986) have shown evidence that multinationals are important providers of training activities in developing countries.

The evidence found in the literature support that there are basically two major avenues by which FDI is responsible for improvements in labour skills available to domestic firms. First, is through training and development in the case of vertical spillover effects, and second by labour mobility in the case of horizontal spillover. In the first instance, entry of FDI in domestic firms raises the intensity of training and development of employees in those firms. This is because, studies mostly found that in comparison of domestic firms to multinationals, their subsidiaries or partners, the latter provide more training than the former. Thus, firms that receive some FDI are likely to enjoy more skilled labour due to training and development or learning-by-doing. Djankov and Hoekman (1999) analyse enterprise level panel data for the Czech Republic and found that multinationals provide higher levels of training than domestic firms. Sousa (2001) also did a comprehensive analysis of the training activities of multinationals. Using detailed data of workplaces in the UK, he finds that multinationals are more likely to provide training; they also provide higher intensities of training than domestic firms. Narulla and Marin (2003) observed that multinational enterprises can cause direct increases in the quality of the domestic workforce by providing formal and informal training as well as through the process of learning-by-doing to transfer their superior technological knowledge to domestic employees.

Another avenue by which domestic firms receive labour skills from FDI is by labour mobility, when employees of FDI firms leave and join domestic firms wholly owned by entrepreneurs (horizontal spillovers). Gershenberg (1987) in a survey of 72 manufacturing firms in Kenya found evidence of movements of managers from multinationals to domestic firms. Also, Gorg, Strobl and Walsh (2002) using a matched firm and worker level data set for Ghanaian manufacturing firms show that the potential for labour spillover through the movement of highly trained and experienced workers from multinationals to domestic firms exist. Thus, when workers receive training or accumulate experience (learning-by-doing) working for multinationals, and then move to domestic firms or set up their own enterprise, a horizontal effect of FDI on labour skills is said to occur. When moving, such workers take with them some of the knowledge they have acquired in the multinational which can be usually employed by the domestic firm and help improve its performance. Aitken and Harrison (1999) agree with this explanation and buttress that, domestic firms might benefit from the presence of foreign firms because workers employed by foreign firms or participating in Joint Ventures may accumulate knowledge, which is valued outside the firm. As experienced workers leave the foreign firms, the human capital becomes available to domestic firms, raising their measured productivity.

Similarly, using sector level data, some studies have supported the findings that FDI brings improvements in labour skills. Blomstrom and Persson (1983) arrived at results to show that labour productivity was significantly higher in sectors which have a high concentration of foreign firms. Using firm level data, this study investigates whether FDI firms have higher labour productivity than domestic firms that are not recipients of FDI.

4. Methodology

To test the relationship between FDI, domestic firms and labour productivity, the following hypotheses are postulated:

- H1: FDI lead to increases in labour productivity
 H2: Labour Productivity is significantly higher in FDI firms than in domestic firms

To test these hypotheses, there is need to define labour productivity and generate data on it¹. A simple accounting procedure that is used to compute labour productivity is the one that relate sales to the number of employees in an organisation. Thus, an organisation's total sale at a point in time is divided by the number of employees in the organisation; the higher the ratio, the more efficient are the employees (labour) in an organisation. This is given as follows:

$$\text{Labour Productivity} = \frac{\text{Sales}}{\text{No. of employees}} \dots \dots \dots (i)$$

The study tested for labour productivity at four year intervals for 1990, 1994, 1998 and 2000.

The data used in this research was collected by the RPED Department of the World Bank in a survey research on Nigerian manufacturing firms conducted in 2001. A team of World Bank specialists conducting a survey of Nigerian manufacturing firms have administered questionnaires and interview modules on a sample of 232 firms in the Nigerian manufacturing sector. This sample of 232 was drawn from 9 sub-sectors of the Nigerian manufacturing sector, specifically chemical/paints, food/beverages, metal, non-metal, paper/printing/publishing, pharmaceuticals, plastics, textiles and wood sub-sectors (see table 3 for identities of sectors as employed in the regression model).

Also, the sample firms were selected from the three major geographical regions and industrial axis of Nigeria namely, East, Lagos and South and the North. The Lagos and South region had the highest share of the sample with 125 firms, North 60 and East 47. Of the firms in the sample, 102 had FDI at the time of the survey (represented in the model as β_2 in survey it), 130 are wholly owned by domestic entrepreneurs.

Gorg and Strobl (2002) similarly utilised the World Bank RPED Survey data for Ghanaian manufacturing firms for the period 1991-1997 in their study. Gorg and Strobl (2002) observed that the data set includes among other things, data on the level of output, total expenditures on wages, the replacement value of the capital stock, the level of value added, and the level of employment. More importantly, they noted that the data collection entails an intricate questionnaire on the background of the owner, or, in the case of a corporation, the chairman of the firm. Thus, the data sets reveal whether a firm is owned by foreigners through direct investment, a firm has received

¹The result on labour productivity may be useful in explaining the relationship between FDI and productivity among Nigerian manufacturing firms. Empirical studies often interpret 'productivity' as 'labour productivity', value added output per worker (Ferret, 2004)

² Sincere appreciation to Professor Susan Feinberg, formerly of University of Maryland, for initiating efforts to enable me have access to the data, and to Giuseppe Iarossi and Giovanni Tanzillo of the World Bank RPED for the permission.

some amount of foreign investment or not at all. Specifically, according to Gorg and Strobl (2002) one is able to identify whether the owner/chairman has received any explicit training by foreign firms in the past, whether their immediate previous experience was working with a foreign firm within the same industry as the industry of their current firm or in some other industry, and whether they have had any previous same industry experience in general. Such is the kind of data available in the data set from a similar survey by the World Bank on Nigerian manufacturing firms.

Questions gen04b, gen04c, gen04d of the General Firm Questionnaire (RPED Nigerian Manufacturing Survey, 2001) generated data on the sales volume of the firms in the sample for the periods 1990, 1994, and 1998 respectively. Question gb15b of the Entrepreneurship Questionnaire generated data on the sales volume of the firms for the year 2000. On the other hand, questions lab01b, lab01c, lab01d and lab01f of the Labour Market Questionnaire asked responding firms to indicate their number of employees in 1990, 1994, 1998 and 2000 respectively. Thus, both questions generated exact estimates of the parameters. The study defined labour productivity for each year in question as the result of dividing that year's sales by the total number of employees (equation i). The study then employed OLS multiple regression to test the hypothesis. The regression equation is given as follows:

$$Labprod_{it} = a + \beta_1 fdistartup_{it} + \beta_2 fdisurvey_{it} + \beta_3 firmage_{it} + \beta_4 sectorid_{it} + \beta_5 region_{it} + \beta_6 firmsize_{it} \dots\dots\dots (ii)$$

Where $Labprod_{it}$ is the dependent variable denoting Labour productivity of firm i , at time t . a = an intercept

$\beta_1 fdistartup_{it}$ = firm i that commenced business with FDI at time t (1 if firm with FDI, 0 if none)

$\beta_2 fdisurvey_{it}$ = firm i with FDI at the time of survey t (1 if firm with FDI, 0 if none)

$\beta_3 firmage_{it}$ = the age of firm i at the time of survey t (years)

$\beta_4 sectorid_{it}$ = the sector of firm i at the time of survey (1=food and beverages sector, 0=otherwise)

$\beta_5 region_{it}$ = the region where the firm i is located at time t (1=East, 0= otherwise)

$\beta_6 firmsize_{it}$ = the size of firm i , whether small-medium or large at time t (1 if large; 0 otherwise)

The variable $\beta_2 fdisurvey_{it}$ test the hypotheses of the study; whether firms with some amount of foreign investment at the time of data collection record statistically

higher Labour productivity than domestic firms. This variable enable the study to establish whether FDI increases labour productivity and whether firms with foreign direct investment perform record significantly higher labour productivity than firms without FDI. The two hypotheses in this study are thus tested using this model.

The variable $\beta_j fdistartup_{it}$ is included in the model to aid an acid test; whether firms set up with foreign investment $\beta_j fdistartup_{it}$ perform better than firms that receive FDI at a later stage $\beta_j fdisurvey_{it}$. If firms established with FDI perform better than firms that receive FDI at a later stage (a duration model), then the finding will merely reinforce the hypotheses. Otherwise, evidence that firms with FDI at the time of the Nigerian Manufacturing Survey $\beta_j fdisurvey_{it}$ which includes firms in the first category $\beta_j fdistartup_{it}$ is sufficient to prove the hypotheses. The remaining variables are control variables to isolate the effects of firm age, the sector in which the firm operate, the region in which the firm is located and the size of the firm on labour productivity.

In the next section, the results of the regression analysis are presented.

5. Results and Discussions

The results of the regression analysis are summarised in table 2. Other results discernible from the table are briefly highlighted; the paper discusses details of results on the relationship between FDI, domestic firms and labour productivity.

Results on table 2 show a significantly positive relationship between FDI and labour productivity. From the results, FDI is significantly positively related to labour productivity in 1994, 1998 and 2000. In the years mentioned, the relationship between FDI and labour productivity is significant and positive (at 1% significance level). Thus, the hypotheses that FDI increases labour productivity and that labour productivity is higher in FDI firms than in non-FDI firms are accepted. Though firms that commenced business with FDI (fdistartup firms) do not show any significant relationship with labour productivity relative to non-FDI firms, all firms with some foreign investment at the time of the Nigerian Manufacturing Survey (fdisurvey firms) which also include firms in the first category are found to achieve higher labour productivity than domestic firms wholly owned by local entrepreneurs.

This result is significantly different from that of Djankov and Hoekman (1998) who found that although firm-level total factor productivity (TFP) growth in Czech firms is higher in firms with foreign partnerships, once common macroeconomic influence and industry effects are controlled for, foreign investment does not have a statistically significant positive impact on firm performance. Though the study controlled for firm-level characteristics and industry/sectoral influences, it was found that labour productivity

of firms that receive FDI is significantly higher than in firms wholly owned by domestic entrepreneurs. Blomstrom and Kokko (1996) explain this divergence of results. According to them, multinationals (and hence FDI) may play an important role for productivity and export growth in their host countries, but the exact nature of the impact of FDI varies between industries and countries, depending on country characteristics and the policy environment.

This result reinforces the findings in Yauri (2006) that FDI is associated with technology growth in domestic firms in Nigeria's manufacturing sector. Ferret (2004) had reasoned that, unless some aspect of technology changes, there is no reason for output to change. Thus, the evidence in this paper that FDI firms do exhibit higher levels of labour productivity than non-FDI firms in Nigeria's manufacturing sector further reinforces the previous finding that FDI is associated with technology transfer to Nigerian manufacturing firms. It follows that foreign firms are associated with greater capital intensity and technology, hence record higher labour productivity than domestic firms.

The result is also consistent with findings of the World Bank Nigerian Manufacturing Survey 2001. Marchat et al (2002) while commenting on the results stated that percentage of foreign equity in a firm is a highly significant determinant of productivity and the percentage of inputs imported is significant at the 5 percent level. However, their evidence points to the possibility of capital intensity since the amount of inputs imported by foreign firms is significant (at 5%) in explaining the productivity of firms studied.

In addition, Marchat et al (2002) also noted that worker training and the incidence of technical assistance contracts and foreign licenses were not significant determinants. Thus, higher labour productivity among FDI firms in the Nigerian manufacturing sector may not be explained by higher training. It is interesting, however, to investigate whether Marchat et al (2002) and hence the RPED Survey on Nigerian manufacturing firms 2001 have considered all aspects of training, both off-the-job and on-the-job training; both formal and informal. Until it is determined if both aspects of training were considered in arriving at the conclusion by Marchat et al (2002), it will not be safe to conclude that worker training is not significant in explaining productivity among foreign firms in the Nigerian manufacturing sector.

The need for caution in reaching this particular conclusion is founded on the results of Gorg and Strobl and Walsh (2002) as discussed in section 3 of this paper. Gorg, Strobl and Walsh (2002) had studied the relationship between FDI and labour productivity among Ghanaian manufacturing firms at the same time investigating the potential for spillover to domestic firms. Using a matched firm and worker level data set for Ghanaian manufacturing firms they show that the potential for labour spillover through the movement of highly trained and experienced workers from multinationals to domestic firms exist. This happens when workers receive training or accumulate

experience (learning-by-doing) working for multinationals, and then move to domestic firms or set up their own enterprise, a horizontal effect of FDI on labour skills is said to occur. Their results indicate that even without training, the process of learning by doing create potential for domestic firms to benefit from the skills acquired by workers formerly employed by foreign firms. When moving, such workers take with them some of the knowledge they have acquired in the multinational which can be usually employed by the domestic firm and help improve its performance. Aitken and Harrison (1999: 607) agree with this explanation and buttress that, domestic firms might benefit from the presence of foreign firms because workers employed by foreign firms or participating in Joint Ventures may accumulate knowledge, which is valued outside the firm. As experienced workers leave the foreign firms, the human capital becomes available to domestic firms, raising their measured productivity.

6. Summary and conclusion

This paper establishes a positive relationship between foreign investment and labour productivity among Nigerian manufacturing firms. The paper also found that firms with some amount of FDI record significantly higher labour productivity than wholly owned domestic firms.

Whether firms that are wholly owned by local entrepreneurs will benefit from this relationship due to labour spillovers (as employees of FDI firms move to domestic firms) is an area for further research. The chance however, that employees of firms that are recipients of FDI will eventually take up employment with domestic firms exist. This will eventually translate to increased labour productivity by domestic firms. This is especially likely if higher labour productivity in FDI-firms is due to the fact that they do more training than domestic firms; then labour mobility from FDI-firms to domestic firms will translate to higher productivity among domestic firms. However, if the reason for higher labour productivity in the FDI-recipient firms is capital intensity, then the likelihood is that even when employees from FDI-firms move to domestic firms, the productivity of domestic firms may not rise due to variation in capital intensity. This is because the skills acquired by workers formerly employed by foreign firms but move to domestic firms may be ineffective because domestic firms operate at lower levels of capital intensity than foreign firms. A research on the avenues for spillover between foreign and domestic firms in Nigeria's manufacturing sector is required to confirm which of the relationship above is likely to occur.

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Table 1: Sectoral Contribution to GDP, 1960-2000 (Percent)

Sector	1960	1970	1980	1990	2000	2002
Agriculture	64.1	47.6	30.8	39.0	35.7	28.4
Manufacturing	4.8	8.2	8.1	8.2	3.4	5.5
Crude petroleum	0.3	7.1	22	12.8	47.5	40.6
Other sectors	30.8	37.1	39.1	40.0	13.4	25.6

Source: Adedipe (2004)

Table 2: OLS regression results on the relationship between FDI, domestic firms and labour productivity

Ind. Variables	Dependent Variable: Labour Productivity			
	1990	1994	1998	2000
fdistartup	-744144.6 581921	-1123929 894709.7	-225053 513708.7	571123.9 555522.1
fdisurvey	1190728 866145	1572964*** 719432.3	2303041*** 628118.2	62508*** 578571.4
firmage	-67070.56 51450.56	-51621.12 36767.07	-25100.27 18113.51	-29248.48** 14268.7
sector2		-3197104*** 1518736	-33003884*** 768285.1	-3201017*** 866709.4
sector4		-2498351*** 839471.4	-4018323*** 806211.8	-4645537*** 943810.8
sector6		-744180.7 1753192	-2162882*** 993068.4	-2590698*** 977297.6
sector7		-1676616 1163267	-2369451** 1222342	-2610239* 1522057
sector8		-1633462*** 631633.9	-1448607 10980333	-2741373*** 773351.3
sector9		-2368823*** 809269.8	-1972716** 11109978	-2499747** 1141563
sector11		-2623155*** 917856	-2695362*** 824215	-2616155*** 862186.6
sector12		-1940627*** 790346.3	-2653043*** 873362.2	-25810337*** 889562.9
sector13		-1924990** 1022868	-1822781** 1060169	-3136735*** 913352.5
Region2 North	418373.3 339512.6	-338112.4 819376.7	103452.5 654974.7	-703714.8 777708.7
Region3 Lagos/South	1540987 1257290	739696.7 1356044	160037.7 636701.5	-904914.3 749760.9
firmsize	-656181.7 511644.6	-349705.2 515674.9	-31664.37 546757.1	379238.4 554105.1
F statistic	0.51	1.96**	4.70***	3.91***
R squared	0.1020	0.1976	0.3096	0.3703
Constant	1255157	3414438	3667890	4586250

*, **, *** = Significant at 10%, 5% and 1% level respectively.

Table 3: Identity of Sectors of Sample Firms

Sector identification	Name of sector
sector1	Food and beverages
sector2	Wood and furniture
sector4	Textile and garments
sector6	Metal
sector8	Paper/printing/publishing
sector9	Non-metal
sector12	Pharmaceuticals
sector13	Plastics

Bribing the Knowledge Worker

What we call the Information Revolution is actually a Knowledge Revolution. What has made it possible to routinize processes is not machinery; the computer is only the trigger. Software is the reorganization of traditional work, based on centuries of experience, through the application of knowledge and especially of systematic, logical analysis. The key is not electronics; it is cognitive science. This means that the key to maintaining leadership in the economy and the technology that are about to emerge is likely to be the social position of knowledge professionals and social acceptance of their values.

P.F. Drucker: *Managing in the Next Society*, pp. 22-23

ARTICLE

Incorporation of Total Quality Management Tools in Higher Education: A Theoretical Model

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ABSTRACT

In the context of higher education, striving for high quality is not a new strategy. Institutions have always held academic excellence and high quality as the highest goals. Achieving these goals was easier in a time of abundant resources and favorable demographics. But the environment has changed now. Institutions are now facing decreasing enrollments and revenues while costs and competition for students are increasing. There is an ever-rising need to satisfy the students with quality education in order to attract, develop and retain them. To address the above issue we propose a model for incorporating total quality management tools in higher education. The model introduced in this research paper is based on the systems approach to Total Quality Management. It first puts forward the key determinants of the Input, Process and Output for 'The Education System' and it then incorporates Total Quality Management Tools for all these important determinants.

KEYWORDS: TQM, Systems Approach, Higher Education
JEL CODE: M00

INTRODUCTION

Education Sector is in the transition phase all over the world. Avdjieva and Wilson (2002) suggest, Higher Education Institutions (HEIs) which are regarded as organizations of learning are now required to become learning organizations, where internal stakeholders also interpret and assess the quality of higher education provision. There is a shift away from old models where students were considered as passive recipients of teachers, absorbing information in an uncritical way to a growing enthusiasm for active, independent learning, which encouraged participation, questioning and reasoning. The modern educators believe that education is not just meant to impart knowledge and information but it should also incorporate the attitude of life long learning amongst the students. To maintain these expectations of modern times, the quality has become the key to success for all the educational institutions. It is for this reason that TQM wave has finally hit the higher education sector.

REVIEW OF LITERATURE

Total Quality Management (TQM) is a management philosophy that focuses on perpetual process enhancement through the prevention of problems and errors. It requires continual monitoring and control process, performance and quality, the placing of the customer at the summit of attention as well as a sense of awareness, commitment and involvement on the part of management, all the workers, the customers and suppliers (Waks and Moti, 1999).

Lewis and Smith (1994) with a closer perspective to higher education, define TQM as a concept introduced by business and industry to establish standards and techniques that ensure the quality of products leaving and reaching firms through continuous actions rather than through one final inspection. It relies on the experiences, expertise and commitment of all members of an organization to improve the process by which customers are served.

Harvey and Knight (1996) suggest that quality can be broken down into five different but related dimensions: quality as exceptional (e.g. high standards), quality as consistency (e.g. zero defect) quality as fitness for purpose (fitting customer specifications, quality as value for money and quality as transformative (an ongoing process that includes empowerment and enhancement of the customer satisfaction). Engelkemeyer (1993) categorizes the shortcomings of the present higher education system as poor teaching, anachronistic programs, incoherent curricula, excessive price and growing and inefficient administrative bureaucracies. All these factors undermine the quality of education in an institution.

There are different models built to establish TQM in the field of higher education. Pounder (2002) describes a Hong Kong study, which developed organizational effectiveness self-rating scales for higher education. Behavioral examples were generated and participants were requested to provide examples for good, average and poor institutional behavior. But the attempt to develop a one-dimensional scale for quality led to the generation of series of behavioral examples, which reflected only the specific perceptions quality held by the providers of the examples.

The paradigm shift in higher education has come up with its arguments on the appropriateness of TQM philosophy to higher education. Two of the advocates of appropriateness issue are Lewis and Smith (1994). In their book, after the discussion of the issue, they exemplify the implementation of TQM at Ohio State University. According to them, principles and concepts of total quality are compatible with the best

tradition and practices of higher education. The underlying philosophy, values, and norms reflected in total quality and continuous improvement are appropriate to higher education. These include (1) an emphasis on service; (2) anticipating and meeting the needs and expectations of the constituents; (3) recognizing and improving transformation processes and systems; (4) implementing teamwork and collaboration; (5) instituting management based on leadership, knowledge-based decisions, and involvement; (6) solving problems based on systematic identification of facts and the use of feedback systems and statistical methods or tools; and (7) implementing a genuine respect for and development of human resources- the people who work in colleges and universities.

Similarly, Hackman and Wagerman (1995) stated that TQM as a management philosophy, has been proven to have convergent validity by way of consisting of a common set of assumptions and practices as it is being practiced in various organizations. Many TQM models, which are based on these assumptions and principles, exist in higher education institutions in many parts of the world. For the application of TQM principles in institutions of higher education, Seymour and Collett (1992) point out the varying levels of visibility among three approaches to implementation. They suggest that the high-visibility “cascade” model may be appropriate at smaller institutions where everything tends to be highly visible. Large campuses, however, are fragmented into specialized academic disciplines and autonomous centers and research units; therefore they may opt for the low-key visibility more common with the “infection” model. The “loose-tight” model, which combines low-key and high-visibility, may be most appropriate for a number of institutions that have a more “middle of the road” approach to TQM. The most important thing is that whichever implementation model is employed, it should be appropriately linked to the “Institution’s mission, its culture, its strengths and weaknesses, its opportunities and threats, and the number and location of change agents and would-be champions”.

Sutcliffe and Pollock (1992) allude to similar strategies as they discuss the Implementation of TQM in institutions of higher education. They suggest that “Implementation begins with the drawing up of a quality policy statement and the establishment of an organizational framework for both managing and encouraging the Involvement of all parties in attaining quality through teamwork”. They recommend that all workers throughout the institution be trained in quality assurance methods, problem solving techniques, and communication and that evaluation occurs at all levels and include the customers’ perceptions as well. Many other TQM models based on the TQM philosophy and principles exist in the world.

THE MODEL

The model developed in this research paper relied on the following approaches

- Systems approach to education in which decisions are made about the input, process and output. At the broadest level, education quality can be viewed as a set of elements that constitute the input, process and output of the education system and provides services that completely satisfy both internal and external constituencies by meeting their explicit and implicit expectations (Cheng and Tam, 1997) If higher education is viewed as a system then any quality management programme must therefore assess input, process and outputs.
- Cheng and Tam (1997) also identified both internal and external stakeholders in the quality management process. Current students and front line staff are internal constituents whereas employers, government bodies, institutional management, prospective students and professional bodies are external stakeholders. These stakeholders have disparate definitions of quality as well as different preferences for how quality is assessed.
- The Model incorporates contemporary TQM tools: benchmarking, Quality audits, quality circles, empowerment, Standard of procedures, Continuous improvement, Pareto analysis.
- As for the principal and concepts, Deming's ten major categories of judgment, relevant standards of ISO 9000, specifications emancipated by All India Council For Technical Education for Technology and management led to the conceptualization process. Each determinant has been carefully examined in the sense of practicability, reasonability, attainability and research ability.

This research paper has considered higher education as a system and is mainly based on the research and analysis of current models, contemporary TQM tools that could be used by higher education services and the demands of higher education.

We now present our '*education system model*', which will identify the key determinants of the education system, and then we will step by step incorporate TQM tools for all the key determinants. The TQM tools that have been used in this model are: Benchmarking, quality audits, continuous improvement, and empowerment & Pareto analysis.

THE EDUCATION SYSTEM

The education system is influenced by and influences the external environment. The key determinants of the external environment are the society, industry, government & prospective students. These determinants provide input to the '*education system*' in the form of personnel (students & faculty), technology (support material & equipment) & finance (Capital). The inputs go into the transformation process whereby they have to pass through a rigorous curriculum design & development, delivery (delivery comes through Essential services delivered by faculty, facilitating Services & Supporting Services) and development of the two important resources of the institution (Students & faculty). This systems output are in the form of non-monetary gain (enlightened society) environment), students career progression & faculty career progression & profit to the institution & non-monetary). This system like any other systems is enriched with a feedback mechanism.

The Following are the determinants of The INPUT-THROUGHPUT-OUTPUT-FEEDBACK of an education system:

- a) Input of
 - Students & Faculty
 - Technology
 - Capital
- b) Throughput (Transformation process) through
 - Curriculum Design & Development
 - Delivery is through
 - Essential Services (Faculty imparting Knowledge Skills & Attitude to students)
 - Facilitating Services (Management/ Administration, Placements, Library, Computer Labs & other labs)
 - Support Services (House Keeping, counseling, Service Scape)
 - Development is through
 - Students development programmes
 - Faculty Development programmes
- c) Out put of
 - Enlightened Society
 - Students Career progression & Faculty Career progression
 - Profit To The Institution

- d) Feedback is through
- Satisfaction Survey of Students, Parents, Alumni & Industry

Now we would discuss only the *key determinants* of the **INPUT-PROCESS-OUTPUT** of the education system where we have suggested TQM tools for quality improvement:

1. Entry of Students (Input)

Student at the input stage has just joined the 'system'. The role of TQM is to apply stringent procedure, which involves thorough screening and sieving of the candidates before selecting him. The important determinants that need to be taken into consideration are:

- Past Academic Performance
- Knowledge cum Aptitude Tests
- Demographic profile including Age, Past Work Experience &
- Personal Interview

2. Entry of Faculty (Input)

For selecting the team of knowledge disseminators (faculty) institutions should make the recruitment of faculty members by selecting the best of the talents from the industry. For this they need to consider following parameters

- Job Description & Job Specification
- Demography
- Psychograph
- Past Experience
- Performance Test
- Academic Achievements

3. Curriculum Design & Development (Transformation process)

Main elements of Curriculum Design & Development include:

- Programme Structure
- No. Of semesters in each year
- No. Of papers in each semester
- Course syllabi of each paper

The role of TQM at this stage would mean developing contemporary programmes and courses that are revised periodically by benchmarking industries needs & expectations.

4. Essential Services (Delivery)

Disseminating knowledge, imparting skills and building positive attitude are the Essential Services to be provided to the students (customers). The key resource providing these essential services is the core faculty of the institutions and hence the institution needs to concentrate the most on the quality of its faculty. This requires recruiting the best of the faculty members from the industry, continuous up gradations and development of the faculty members and a close interaction between the faculty members and the management of the organization. Continuous progression and monitoring of faculty is a must to deliver the service (education here). Faculty progression and monitoring has been discussed later in the paper.

5. Facilitating Services (Delivery)

Facilitating services include management/ administration, library, computer labs and other labs (IF any). Now we discuss the key determinants of these facilitating services and we suggest TQM tools for improving their quality.

a) Management/Administration

On the one hand management is an important stakeholder of the education system and on the other the successful running of the institution is dependent on a visionary management. The key determinants of management/ administration are:

- Aligning Vision, mission and objectives of the organization with the changing market demands
- Administration of students, faculty and other staff
- Balancing the flow of Communication:
- Decision making
- Directing & controlling
- TQM tools for this variable would mean
- Quantification of objectives and goals to be achieved
- Open communication
- Decentralization of power
- Assessment and changes in organizational culture

- Faculty administration through audits on number of hours spent on teaching, on research, attendance and late coming
- Student's administration through audits on attendance, obedience and late coming.

b) Placements

Placements of students are a very important determinant for the success of any higher education system. The key variables to assess the success of placement services include:

- Number of companies that visited the campus
- Number of jobs offered
- Average minimum and maximum salary's offered
- Number of students joining universities and further research.
- TQM for this variable would mean continuous improvement in both and number of company's visiting, as well as in terms of salary.

c) Library

A dynamic library is the demand of any modern institution. It is meant to provide/ supplement the classroom learning. The key determinants of the library function are

- Books in adequate numbers
- Variety of books by different authors
- Continually growing library
- Arrangement of books
- The TQM tool for this include
- Introduction of electronic library,
- Benchmarking library softwares
- Quality audits on number of books and authors/ journals
- Number of books/ journals added per annum
- Number of damaged/ unreturned books and journals,
- Space utilizations.

- d) Computer Lab:** In the, modern learning institutions it is impossible to imagine imparting knowledge without the use of computers. The TQM tools for this service would include

- Benchmarking the hardwares and softwares available in the market
- Maintaining a low student to PC ratio
- Similarly other labs like science labs, behavioral labs need to benchmark the equipments as well as the availability of the equipments for the students.

6) Support Services (Delivery)

Support services include continuous supply of counseling, housekeeping (electricity, photocopy machine, instructional equipments, stationery, and automated centralized telephone lines) and servicescape

TQM tools for support services are

- Quality audit to assess the current status of the support services
- Benchmarking the support services available in external environment

a) Counseling Cell

Counseling has become one of the essential services of an educational institution, it is meant to help advice and guide the students/ parents solve in solving student specific problems.

TQM for them would mean Audits and continuous improvements on

- Number of problems raised be students
- Number of students raising problems
- Number of problems solved

b) House Keeping

House keeping is maintenance of the property and equipments of the institution. TQM for housekeeping would mean establishing quality circles that would keep a check on the determinants of housekeeping and would identify quality related problems with them and even solve those problems.

c) Servicescape

Servicescape includes both the exterior and interior décor of the institution. The key determinant of servicescape include

- External

- Building
- Landscape
- Parking Area

- Internal

- Ambience
- Décor
- Air temperature
- Humidity
- Physical Layout
- Signage

TQM for servicescape would mean Quality Audits, Quality Circle & continuous improvement in both the external and internal scape keeping cost constraints into consideration.

7) Monitoring (Transformation)

- a) Student Development Programmes
 - Behavioral & Attitudinal training
 - Personality development programmes
- b) Faculty development Programmes to include
 - Training on the new Theories & principles of the concerned subject
 - Training on the new pedagogy system
 - Training on the new technology and its use in teaching

TQM for the above variables are: Histograms to compare frequency of the present development programmes with the previous development programmes for both faculty as well as students; Quality circles of students and faculty can be formed to assess the improvements required in the quality of programmes delivered to them.

8) Student progression is to be monitored on the following

- Assimilating knowledge
- Ability to use the knowledge assimilated
- Development of skills & competency relevant to the programme /curriculum for which the student has enrolled himself.
- Development of positive attitude

Student progression is reflected through

- Marks
 - Pass Percentage
 - Maximum, minimum and average marks of the students
 - Drop outs
 - Failure Rate

- Employment Achievement
 - No of students employed
 - No. Of students who opted for further research
 - Maximum, minimum & average salaries earned by the passing out students

- Students (Alumni's) Career Progression
 - Positions held/ promotions Received
 - Percentage increase in income.

TQM for these variables would mean preparation of histograms and statistical bar graphs to find the trends (increase/ decrease from the previous years) in marks, success rate, drop out rate, number of jobs offered, change in the salary offered, no of students joining research/ jobs.

9) Faculty Career progression

Faculty career progression is done on the basis of following criteria

- No. of hours spent on teaching & on research
- No of research papers & books published
- No. of Faculty Development Programmes attended
- No. of papers presented in various seminars and conferences

TQM at this stage would mean audit of all the parameters mentioned above so that faculty can prepare their academic plan for the next year.

10) Feedback

Feedback is considered as a very important part of any system, feedback for education system would mean assessing the satisfaction level of students, parents, alumni and employers (who had recruited institutes students). TQM at this level could mean

development of Pareto Charts: in which the problems are being categorized from the least to the most. A number of problems will have common cause and when these common causes are plotted together on a histogram it can be seen that there are a few causes that are responsible for many problems. Once common cause of number of problems is being identified steps can be taken to overcome these problems.

CONCLUSION

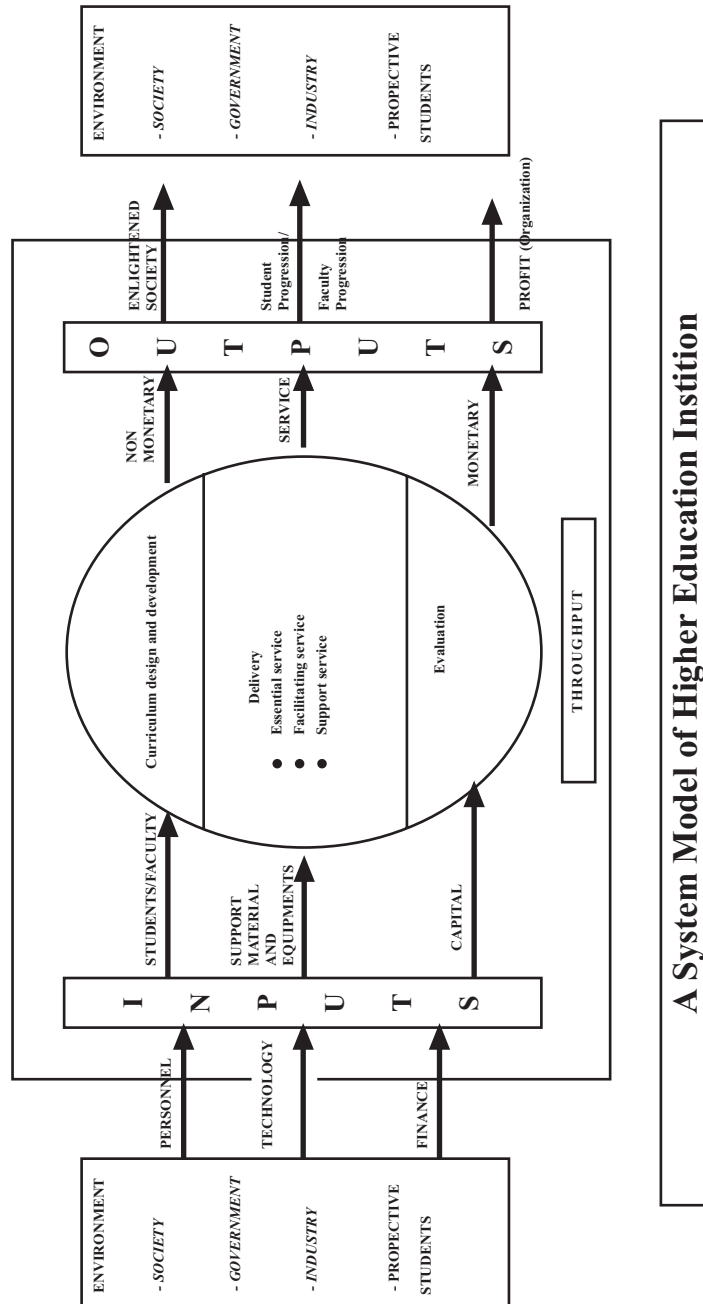
Total Quality Management (TQM) is a management philosophy that focuses on perpetual process enhancement through the prevention of problems and errors. It requires continual monitoring and control process, performance and quality, the placing of the customer. Total Quality Management (TQM) is an important movement that has gained increasing interest and application even in higher education over the past few years. Though several tools have been used to implement TQM in higher education but there is no systematic approach to implement it in the entire institution. Hence a pervasive model has been presented to implement TQM in higher education.

The model presented above considers 'education system' as an open system, which has permeable boundaries, and hence it affects and gets affected by the external boundary. The model has incorporated TQM only in those elements where the results would help in overall growth & sustainable development of an institution. The TQM tools used in the model range from: benchmarking, continuous improvement, quality audit, quality control, empowerment, histogram & pareto charts. It should be noted here that incorporating quality tools in higher education is a site-specific issue although there are some standards and procedure common to all. Quality assurance is not a concept having accepted as right or wrong. Each institution would establish its own methods and standards, however it is stated here that the comprehensive model can be used as a reference standard by management of higher education in which lies the significance of the model presented above.

Knowledge is All

The Next Society will be a knowledge society. Knowledge will be its key resource, and knowledge workers will be the dominant group in its workforce. Its three main characteristics will be:

- Borderlessness, because knowledge travels even more effortlessly than money.
 - Upward mobility, available to everyone through easily acquired formal education.
 - The potential for failure as well as success. Anyone can acquire the "means of production," i.e., the knowledge required for the job, but not everyone can win.
- P.F. Drucker: *Managing in the Next Society*, PP. 237-238



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ARTICLE

Role Of Mass Media In Quality Assurance Of Higher Education In Pakistan

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ABSTRACT

Higher education is the ladder to economic prosperity in today's world. Quality in higher education indeed is the basic requirement for success of higher education institutions. But quality is never an accident, it is always the result of diligent work. During the last decade almost 50 universities / institutes of higher education have been established in the country. But the variations in quality of its graduates are too wide to accept.

The objectives of this research were to find out the role of mass media in improving the quality of higher education and how far the same can be improved. In this regard NGOs or management of the universities / institutes indeed play a very important role but without close monitoring and mentoring quality output cannot be guaranteed.

The findings show that the mass media particularly with the advent of Internet can play a pivotal role for quantum leap in higher education in Pakistan. The mass media can help in creating the awareness and in appreciating the benefits of higher education. Universities in general and private ones in particular need guidance and mentoring by the community and media about the demand and supply of educated workforce in particular disciplines. The low performing universities need to be encouraged and motivated to perform in a focused direction for increase output, both qualitatively as well as quantitatively.

In this paper key issues of higher education have been discussed where media can play its role. Solutions have been offered for accelerating quality standards in higher education.

Key words: Mass media, higher education, quality in higher education, media influence

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1. INTRODUCTION

The great aim of education is not knowledge but action (Herbert Spencer, 1986, NA). It is on the sound education of people that the security and destiny of every nation chiefly rests. (Louis Kossuth, 1986, NA). But action can not be done without knowledge and knowledge cannot be perfected without quality and quality cannot be assured without competition. Competition is created through awareness and awareness is created through media. For quality assurance in higher education The International Network for Quality Assurance in Higher Education was formed in Hong Kong in 1991 by 18 quality assurance agencies. Now after almost 17 years there are about 150 member organizations, around 100 of which are quality assurance agencies (Woodhouse, 2006). Superior quality in education leads to social excellence, national excellence and academic excellence. (Moosa 2006). Three types of Quality Models are globally popular. These are Accreditation Model, Educational Excellence Award Model and Management Standards. (Moosa 2006). Mian Sarfraz (2006) has said that the role of entrepreneurial university is composed of teaching, research and innovation support. For research and innovation support is needed. This can be obtained from the Industry. Industry is in the lookout of highly qualified professionally competent workforce. It is concerned with the updated practical solution to the specific industry problem. There need to build a bridge between the higher education sector and the industrial sector.

The requirement of research for new products or services is explored and publicized. The new products or services must be better than the competition for a profitable market acceptance. Competition rises with spread of information and awareness. Higher the level of information to the end user tougher the competition will be. When competition increases quality improves. Information dissemination for quality and competition is the role of the media. Media has played major roles in changing lifestyles of modern times. It can change the expectations of education stakeholders (industry, parents and students) from the university.

2. OVERVIEW

The most important contributing factor for progress and prosperity of a nation is higher education. The nations who invested heavily in higher education reaped the reward decades later. There are 124 universities in Pakistan, 67 (53%) in the public sector and 57 (47%) in the private sector. But the students enrollment and pass out figures in these sectors are not in the same proportion. During the three year period (2001 – 4) total students enrollment and total output were as follows (Table 1):

TABLE 1
ENROLLMENT AND OUTPUT OF UNIVERSITIES IN PAKISTAN
DURING 3 YEARS PERIOD (2001 – 2004)

Total enrollment (3 years)	1,031,255 (100%)
Total Public sector enrollment (3 years)	871,013 (84.5%)
Each public sector university enrollment (3 years)	13,197
Per year average enrollment for each public university	4,399
Private sector enrollment (3 years)	160,242 (15.5%)
Each private sector university enrollment (for 3 years)	2,861
Per year average enrollment for each private university	953
Total output (3 years) (30.7% of enrollment)	317,088 (100%)
Total public sector university output (3 years)	288,508 (90.9%)
Each public sector university output (3 years)	4,371
Per year average output for each public university	1,457
Total Private sector output	28,580 (9.1%)
Each private sector university output (3 years)	510
Per year average output for each private university	170
Total Enrollment for PhD (3 years)	13,734
PhD enrollment per years average	4,578
Output for PhD (3 years)	811
PhD output per year	270
PhD output per year per university (average)	2

(Based on statistics of Govt of Pakistan 2008)

Almost 30.7% of the total students (both public as well as private sector) enrolled are passed out at different stages. Almost 91% of the passed out students belong to Public Sector University while the remaining 9% belong to the private sector universities. The pass out percentage for public sector was 33.1% while for private sector it was 17.8%. This enrollment and output include all the affiliated colleges and from undergraduate level to PhD level and all the programs that universities of Pakistan do offer. Now look at the PhD figures for the same period (2001 – 2004). The output is only 5.9% of the enrollment or 2 scholars per year per university for the specified period. It is a point to mention at this place that the students enrolled in a particular year takes at least 2-3 years to pass out. That's the reason that we have taken a cumulative figure for three years. Time series analysis for a longer period could not be made because comparable figures for a longer duration were not available.

It is interesting to see that as high as 41% (357,715) of the total students are enrolled through distance learning program. If we deduct this figure from the total figure it would be 673,540. That means (31% of 673,540), 208,797 students qualify through regular scheme from the undergraduate level to PhD level in 124 universities of Pakistan. Thus per university output is 1,683 students (for 3 years) and 561 students (for one year).

Realistically speaking this is a very depressing situation. The condition is further aggravated due to lack of participation interests by those who can contribute significantly e. g. Media. Historically it is proven that media can turn the direction of the history. It can create history. The war of independence, the disintegration of Soviet Union, the Gulf War, the War on Terror all are the products of very strong media campaigns. The US election of 2008 and the role that media played are ample proof that how and up to what extent the media can play its role in shaping the events. Media have also been playing very strong role in promoting culture as well. With reference to culture, there is a saying that culture invasion is boundary less and therefore can not be stopped. But the invasion rides on media. It is through media that culture of different nations at different times are voiced and awareness created. Thus media helps in the exchange and spread of diverse culture around the world.

Based on the findings of school leavers and enrollment at the undergraduate level of universities we see that a large number of students fail to continue their studies. Why so is anybody's guess and therefore is another research topic. However, a general idea based on prevailing conditions is the lack of financial support since child labor is still very common in Pakistan and the children need to contribute to the family income through their meager means. With the increase in awareness of higher education, more and more families like to acquire higher education for their children, but all of them cannot be accommodated in public sector universities and fees for private sector universities are too high. Education is the right of every citizen and if certain people cannot pay for their education then who should pay for them? A question very simple for common readers but for the affected students and their parents it is a very pertinent question. The need based scholarships offered by universities are too few to take care of the quantum want.

As Birrell and Edward (Birrell & Edwards, 2007; Birrell & Rapson, 2006) mentions that in Australia the need of increasing the number of government-funded places at Victorian universities over the next decade was expressed. The demand for such places exists, yet the continuing erosion of opportunity for disadvantaged students may mean that the desire to compete in such a tight market may wane, thus creating additional crises relating to Australia's relatively low education participation rate. Until governments (both State and Federal) and universities address the core issue of declining opportunity, the educational prospects of many disadvantaged students will not improve. (Edwards 2008).

Another aspect of higher education seems that our universities mostly working in isolation, without much interaction with other universities. The universities need to be transformed from isolated islands to interactive forums. The process of transformation would include the integration of modern technology. Use of teaching aids e. g. multimedia and interactive methods like workshops, seminars etc should be a norm in a learning environment rather than compulsion. The learning should be community centered and empirical based on modern parameters. There has been a leadership role shifting. The emerging leadership role is more a capacity to contribute rather than capacity to dominate or dictate. A denial of acceptance for adaptation will only deprive us of the potential benefits it promises.

The tradition-bound academic priorities of the past century must be fundamentally revised. Academic knowledge must be the curricular resources to enrich human growth and development, and not to restrict control, dictate and frustrate basic needs for new learning. Teaching for human development must be seen as an ongoing exercise requiring continuous improvement keeping in line with other nations. Teachers, parents, the media and society impart knowledge directly and indirectly. A student is not successful unless he adapts to the urgent needs of the society to learn to live today and tomorrow in a complex, often frightening real world.

In the emerging need of the time each university must serve two masters—the learner and the larger society. If the school of the future continues to try to restrict, control and dictate what certain special interests want students to know, it will have little success and be relatively ineffective. However, universities of the future bringing students, universities, families and communities together in meaningful, satisfying ways thus can serve both individual learning needs and those of the larger society.

3. ROLE OF MEDIA

In the last 50 years the media influence has grown exponentially with the advancement of technology, first there was the telegraph, then the radio, the newspaper, magazines, films, television and now the internet. We have put our trust on the media as an authority to give us news, entertainment and education. However, the influence of mass media on our kids, teenagers, youth and society is so big that we should know how it really works. From the moment we wake up in the morning we are bombarded with media in all its many forms. From the morning newspaper and its many advertisements to the television commercials telling us what we need to buy. Even when we turn on the radio during our daily commute we feel overwhelmed with new mainstream 'music' full of vulgarities and rudeness that could put one in a bad mood for the entire day. Media has a major influence in our lives, whether people like to admit it or not. Most media out there are harmless, people simply trying to sell you their products to make a living or tell you the news. Although more often than we care to admit the media has harmful messages and influence over us. From the violent video games that have

filled the market to the Internet, which is filled with negative information and themes. Many experts say we need to evaluate the media trend of today. Is the media creating a healthy nation with its all kinds of knowledge dissemination efforts, or it is just following the nasty trend of vulgarity and obscenity and leading us to a unconscious conscienceless society?

Who owns mass media in Pakistan? The Dawn group owns The daily 'Dawn' and monthly 'Herald' beside its news channel 'The Dawn News'. The Jang Group owns the daily 'Jang' (Urdu), daily 'The News', evening daily 'The Daily News', English monthly 'Mag' and Urdu weekly 'Akhbar e Jahan'. The Jang Group owns the most viewed TV channel of Pakistan 'GEO'. Another media tycoon 'The Nation' Group owns 'The Nation' (daily), 'The Nawa e Waqt' (daily), weekly Urdu Magazine 'Family' beside its TV channel 'Waqt'. The three media giants own and virtually control the mass media in Pakistan. However in electronic media Pakistan Television has a wider coverage with its number of different channels. But with reference to political news and information its credibility has a question mark.

The media makes billions with the advertising they sell and that we are exposed to. We buy what we are told to be good, after seeing thousands of advertisings. We make our buying decisions based on what we see on TV, newspapers or magazines about a product. The decision is also based on what everyone else that we know is buying and whose decisions are equally based on the media influence.

It's very easy not to think, and to let the media shape our views. It's also very easy to get caught up in the emotions of what's happening, especially when the media is cultivating those emotions to get the response they want, either consciously or subconsciously. It's harder to shake that influence. The powerful media considers it appropriate to give what in their opinion the public should receive and not what they want. The media possesses so much power to influence that those in the media must be diligent about delivering news in a balanced manner that brings the story to the consumer with all sides fairly represented. Journalism is a profession like any other and certain standards of quality and professionalism need to be maintained. Media is often times used to convince massive amounts of people of something, almost a mass brainwashing. They can shape the public opinion in different ways depending of what is the objective. After the attack of 9/11 the media gave a huge coverage of the event and exposed Osama as the mastermind and key responsible person for the attack based on the briefing by the authorities. This shaped the public opinion to support the war on terrorism. This media campaign was followed by the propaganda of weapons of mass destruction (WMD) for Iraq and ultimately resulted in its invasion by the coalition forces and capture by United States of America. The problem is that if media received inaccurate information e. g. with reference to weapon of mass destruction in Iraq, media developed a wrong campaign and public opinion supported a wrong cause, this is the power of public opinion influence. (Ken Freed. Media Vision Journal. <http://www.media-visions.com/index.htm>). The media shape our attitudes about everything from politics

to education. Thus it is imperative that Pakistani media play its role in shaping the education culture in the country.

Radio has been used extensively as an educational medium in developing countries. Reports confirm that it has supported educational programs in a wide range of subject areas in many different countries. In India radio is used for rural development (Long, 1984). (Chelvan and Viswanathan 2006).

The most important member of the mass media is Television. Television has taken a prime position in our life. We have developed a false impression within ourselves. On the one hand we love to stick to the tube, on the other hand we claim that we don't do so. This dual nature has made our role ambiguous.

Watching TV is replacing real life with artificial reality. TV brainwashes us, displacing our native imagination with televised images. TV also imposes on us a set of biases that alienates us from others and ourselves. Television receiving sets are everywhere, and we watch TV a lot. We are a nation of television viewers. TV introduces violence and crime to our children. It teaches our children all the nuisances that used to be the curse only for the developed nations, but they have invaded into our culture as well. TV steals our time. TV has a hypnotic quality. Once the eyes and ears are glued to the idiot box, the mind gets engaged and hooked as well. TV reduces our attention span. When watching TV we lounge around like over baked sofa spuds while our lifework goes undone. TV tends to reinforce our basest instincts. Amid the many woes of our world, since most of us apparently want to be dumb or dumber, television caters to our desires to become comfortably numb. TV reduces our intelligence. Making sense of life is a challenge in any era. In our era of rapid social and technological change, mindless sex and violence on TV does not expand our capacity to reason. Mass-market TV tends to bolster idiocy. Most of us have lousy self esteem to begin with, so we're constantly looking outside of ourselves for validation that we're okay. TV programming and advertising tend to reinforce our addiction to external authority, the ads massaging our minds into imagining we'll be more popular if we buy certain products. The modern media is building media content transportation system incorporating digital antennas, cables, satellites, microwave dishes, optical fibers, copper wires, and even utility power lines. By building communication channels among people living in every land, we cultivate the soil for "interactivity" to flourish.

But TV and other interactive media can become a friend as well, look into how "distance learning" is revolutionizing world's school systems. Once students gain instant access to the best brains on earth, their horizons expand. The Internet and interactive TV services transcend the old tribal boundaries. A child today can download more information on the Web in an hour than our ancestors could learn in a lifetime. Media content may come from anywhere on the planet. That's genuine freedom!

If people feel more connected with the world they feel more powerful. They have more self esteem and more incentive to take action about whatever they care about. When people feel they can have an impact on the world around them, they get more involved. They feel an investment in the society around them. Our rapidly changing world is a scary, confusing place these days. Why deny our natural fear of the unknown? We already hold inside all the power we need to transform the media and ourselves into a vital force for good in our world. Today in this 21st Century, interactive media is a norm rather than exception. Today the medium is the message. How TV messages message our minds has been decided by TV being a one-way medium. But in the two-way TV now becoming possible, the medium massages the message as the message massages the medium. TV shapes us as we shape TV. What can we actually do that will make TV better? For better or worse, TV will become whatever we make it.

Television also has a responsibility to offer media content and services that elevates our lives and communities. But do they do what they should? We talk about computer literacy as the raw ability to operate the new digital devices. More recently, people are talking about 'media literacy' as the ability to think critically about media content. Both are vital skills. We need to know what should be the media content and why? If we are going to be smart TV users, children and adults alike need to be more aware of our power within the web of life. We need deep media literacy, consciousness of our common interactivity, so we make personal and community media choices for the highest good.

A civilized society is run on systems. There are four pillars of the systems. Political, economic, social and educational. We see that the former three are duly covered by the media but the last one education requiring greater emphasis and support is neglected and deprived of the media support, particularly in the developing countries like Pakistan.

What we need to be aware is that most of our decisions, beliefs and values are based on what we know for a fact, our assumptions and our own experiences. In our work we usually know what we have to do based on our experience and studies, however on our daily lives we rely on the media to get the current news and facts about what is important and what we should be aware of. (Ken Freed. Media Vision Journal. <http://www.media-visions.com/index.htm>)

Developing the interactive educational media market may be accelerated with high quality 'edutainment'. The global infrastructure of interactive digital media is being constructed now. Many years of visionary thinking finally is starting to pay off. The PC and TV are converging. On the TV screen itself, electronic program guides are tested and ready to help us find and select any kind of content. As Freed rightly said (Freed. <http://media-visions.com/ed-edutain.html>) "The masses do want knowledge served with some entertainment, "edutainment," We now live in a frightened world struggling to

cope with the "future shock" caused by so much innovation happening so fast. Interactive media may be the most powerful tool for our enlightenment. We owe it to our children to consider the social effects of what we do now. Will our decisions be guided by visions of hope? Will interactive media fulfill its highest and best potential? Will we stay true to our souls? Our choices today will make a difference tomorrow."

The higher education providers (i. e. the universities) cannot deliver excellence in isolation. They need the support of the societal active members among whom media is the foremost. The media on the other hand should be judicious enough to cover the education sector in general and higher education institutions in particular for promotion and persuasion. Based on the history and observation we see that media has played its role whenever it was felt that there is a need to do so. Media do support causes or issues on a local or individual basis as well. But unfortunately media support for the cause of education in Pakistan has not been adequate enough for sufficient impact resulting in improvement in enrollment and pass percentage. There has not been sufficient media coverage for educational activities and offerings e. g. convocation, result, conference, scholarship unless they are attended by hierarchies at the bureaucracy. This includes public sector universities as well. The recent updating in knowledge acquisition and future scope for knowledge utilization are not disseminated optimally. The students and parents remain disillusioned about the scope of any particular branch of higher education. One may argue that each university has its own website and information may be obtained from there. But the information available at the site are the version of the university itself and therefore not unbiased or impartial. Because of their origin they always have the colored representation. Mass media can help the stakeholders and beneficiaries (i. e., industry, students and parents) substantially. Students are acquiring business related degrees because most of the recent universities are not offering other programs to the same extent. The market is full of business graduates. Since the cost of the degree is very high, the students and parents expect a high payback as well. But as soon as their ward pass out and steps into the real world their dreams shatter and the frustrated ward submissively compromises on a low return because of limited employment opportunities for the disciplines. The program offerings of private universities mainly concern with low investment and high profitability particularly for commercially motivated private sector universities. Additionally, faculty for disciplines other than business and humanities are scarce too. Information about the prevailing trend in education around the world are not available to the parents or students in general. There is no way to know for a common man which university should be preferred over others and for which disciplines and for what reasons. Moreover, which discipline would make the careers of their wards more prosperous than others is also a dilemma for the parents.

In a western society there are ranking of universities every year. Private universities put a lot of efforts to be on the high ranking particularly by good and well established periodicals. But in Pakistan this has not been done yet. Though some grading of universities by the Higher Education Commission (HEC) of Pakistan is available the

parameters are rather ambiguous. The comparative facilities and programs need to be disseminated to the students and the common man from a source other than the universities themselves and preferably by HEC. Media can play its role in this connection by highlighting the salient features of individual universities as they do so while briefing the company information periodically. On television there are programs on politics, social aspects, programs for kids including cartoon programs, sports channel, film channel, fashion channel etc. But there is hardly any education channel. There is hardly any program to motivate our youth for their academic achievements. WHO program for vaccination was widely publicized by media, sponsored or un-sponsored both. As a result of such high level consistent media support many killer diseases have been eradicated from the world (e. g. small pox, cholera etc). Higher education promotion need the same kind of media commitment to make Pakistan an educated nation, opening up of universities is not sufficient alone to impart higher education.

Media need to build a sense of ownership to facilitate change with reference to higher education. The Media need to be interactive. Technology -- specifically interactive one along with the new media can transform the higher education landscape completely. In our daily life television, radio, the Internet, cable network, mobile telephones and other wireless communication are available. In these media we see programs and advertising which are easily accessible to billions of people. Someone very rightly said, 'repetition works wonders'. Repeated exposure over time to similar messages makes it easy for people to accept them as true. Just consider how often television ads are repeated. The high impact of conveying repetitive message has been proven over time. Think also political messages, religious tenets, business decision making trends and economic ideas and it becomes obvious how, through simple repetition, the media influence our decisions. The needs and benefits of education acquisition and higher education in particular need to be voiced and repeated the same way through the media again and again.

4. METHODOLOGY

To assess the contribution, influence and impact of media on the mass population two research projects were undertaken. One was the desk research on media assessing the coverage of six prominent newspapers of the country. Another one was the survey of households of Karachi on the time spent by household ladies on a daily basis.

4.1 MEDIA RESEARCH

To assess the contribution of print media in promoting higher education a desk research was conducted. For this purpose six major daily newspapers were selected, three English and three Urdu. These are The Dawn, The News, The Nation, The Jang, The Nawa e Waqt and The Express.

Coverage of these newspapers for two months from September 1 to October 31st, 2008 was assessed on the following parameters:

- Political / social news coverage
- Business News (including industry real estate etc) coverage
- Entertainment /showbiz coverage
- Sports coverage
- Educational news/institutions coverage
- Sponsorship /ads by different organization was also assessed :
 - Govt. ads
 - Business ads (product ads / corporate ads)
 - Entertainment ads (Film, Drama, Theatre, concert, others shows)
 - Sports ads (by Sports Board or its members)
 - Education ads (by educational institutes)

The topics of the news information coverage including the editorial articles were compared with each other. Each topic was compared with the ads given by the segment. The findings have been analyzed to find out if there is any link and also to find out the real contribution of media in the promotion of higher education as mentioned above.

Limitation and constraints of the methodology: The research was limited to print media alone and thus does not include the other major ones e. g. cable, satellite TV, Internet, Telecommunication. The news coverage and ad coverage were assessed visually. The measurements were based on visual calculations. Supplement or weekend editions having pages of size other than the standard size (A4 size) of the newspapers have been excluded from the survey.

TABLE 2

NEWSPAPERS SHOWING TYPE OF COVERAGE

Newspaper	News coverage (%)	Ads (%)	Others (%)
The Dawn	52	45	3
The News	47	41	12
The Nation	50	41	9
The Jang	51	45	4
The Nawa e Waqt	53	43	4
The Express	51	39	10

Others include cartoons, TV time, horoscope, Obituaries, train timings, weather forecasts, emergency numbers etc.

TABLE 3
NEWSPAPERS SHOWING NEWS AND AD COVERAGE

	Dawn	The News	The Nation	Jang	N. Waqt	Express
TOPICS	%	%	%	%	%	%
NEWS	52	47	50	51	53	51
Political/social news	34	32	35	33	35	34
Business news	9	5	5	5	6	7
Entertainment news	4	6	6	9	5	6
Sports news	3	4	3	3	6	4
Education news	2	-	1	1	1	-
ADS	45	41	41	45	43	39
Govt ads	10	9	10	11	12	9
Business Ads	22	20	22	24	20	21
Entertainment Ads	3	8	5	5	6	6
Sports Ads	-	-	-	-	-	-
Education Ads	6	4	4	5	5	3
Others	3	12	9	4	4	10
TOTAL	100	100	100	100	100	100

Others include cartoons, TV time, horoscope, Obituaries, train timings, weather forecasts, emergency numbers etc.

4.1.1 DETAIL FINDINGS

- It appears that news dominates the coverage for all i.e. 47% for The News 50% for Nation, 51% for Jang and Express, 52% for the Dawn and 53% for the Nawa e Waqt. Ads coverage was maximum for Dawn (45%) and Jang (45%) followed by Nawa e Waqt 43%, the News 41%, the Nation 41% and the Express (39%). Govt ads for the selected newspapers were 9-12% of all ads in the respective newspapers.
- Coverage of cartoons, puzzles and horoscope etc indicated by 'others' was maximum for The News 12% followed by the Express 10%, the Nation 9%, the Jang 4%, Nawa e Waqt 4% and the Dawn 3%.
- Political and social news had the maximum coverage in all the newspapers the nation 35%, Nawa e Waqt 35%, Dawn 34%, Express 34%, Jang 33% and the News 32%.
- Business news coverage was maximum for Dawn 9% followed by the Express 7%, Nawa e Waqt 6% and all others 5%.
- Entertainment news was maximum for Jang 9% followed by the News 6%, the Nation 6%, the Express 6%, Nawa e Waqt 5% and Dawn 4%.
- Sports news coverage was maximum for Nawa e Waqt 6% followed by the News 4%, the Express 4%, the Dawn 3%, the Nation 3%, and Jang 3%.

- Education news coverage was only 2% for Dawn, 1% for The Nation, Jang and Nawa e Waqt, while it was nil or almost nil (<1%) for The News and Express.

4.1.2 DISCUSSION AND ANALYSIS

It is a common practice in Pakistan that if a certain major newspaper does not cover the government and its activities then the authorities restrict government sponsorship for that paper. Taking into account this information we see that political and social events particularly that of the government receive major coverage. Out of the total ads 20-24% of the ads were from the industry. Keeping the above mentioned considerations we find industry coverage of 5-9% as against their ads 20-24%. Ads for entertainment were 3-8% against their news coverage of 4-9%. There was no sports ads yet the sports coverage was found to be 3-6%. Ads for education were 3-12% but its news coverage was 1-2% only. For 'The News' and 'Express' there was almost no education coverage (<.5%) at all.

The author discussed with the editorial management of 3 newspapers regarding the coverage of education in general and events (e. g. convocation) of universities in particular. The event (e. g. convocation) of public sector universities are covered only when some hierarchy from the bureaucracy is involved. But the private sector universities are objectively neglected. Their argument is that they cannot promote activities of commercially run private sector universities. But the fact is that the educational entrepreneurs are serving the nation through these private universities and without the support of media these universities can not remain motivated in terms of their quality contribution for sharing the burden of educating the nation. These caring entrepreneurs, philanthropists and corporate citizens of the country in need of support, encouragement and motivation. HEC (Higher Education Commission) of Pakistan itself requires appreciation and motivation for the hard work that they are doing for promoting higher education in Pakistan. Without the support of media it is an uphill task to spread education to the mass population and further improve its quality. The media has a double role: first to support the universities in their constructive role and then to make them accountable for their desired performance. Additionally the awareness of benefits of higher education need to be created on an ongoing uninterruptedly.

4.2 HOUSEHOLD SURVEY

A survey was conducted using one hundred households of Karachi with a pre-designed questionnaire. Objectives of the survey were to assess the time spent by household ladies for media watching / reading and their opinion about the degree of influence of these media on the mind of general public. Questions were asked to common acquaintances through telephones. In the convenient sample all the respondents were ladies of their houses. All ladies were married and having children of their own. All were having qualifications matric and above, while majority were graduates and some

of them masters too. Some of them were employed including employment at school as teachers or associated work. The households having income between Rs. 30,000 to 100,000 were included in the survey. Rejected and incomplete interviews were completed later to make it 100.

The following questions were asked:

- Q. What are your past time / hobbies?
- A. This was an open ended question. Answers were categorized at the time of compilation. Book reading included novels and mainly Urdu novels. There were also a variety of newspapers. A total of 16 newspapers were reported. Major ones were the ones we included for our previous survey (i.e. the Dawn, the News, the nation, the Jang, the Nawa e Waqt and the Express). Magazines included monthly periodicals (e. g. Sabrang Digest, Khawateen Digest, Readers Digest etc.) as well as weekly ones (e. g. Mag, Akhbar e Jahan, Family Magazine etc).
- Q. How much time do you usually spend on your particular hobby / pastime on a daily basis?
- A. The result is mentioned in Table 4.

TABLE 4
Time spent by household ladies on a daily basis for mass media

	None No / %	< 1hour No / %	1-2hours No / %	3-5hours No / %	>5 hours No / %
Book reading	87	12	1		
Newspaper	60	19	21		
Magazine	27	54	9	10	
Music listening	18		16	39	27
Radio listening	25		45	30	
Movie viewing	33		29	16	22
TV viewing			25	54	21
Internet	47	36	16	1	
Mobile telephone	29	45	21	5	

Any other (Please mention)

In your opinion up to what extent these entertaining exercises influence the minds of general public to act or behave the way it is advised or recommended.

TABLE 5
Media type influencing the minds of general public as mentioned by the respondents

	Does not influence at all %	Up to some extent %	Up to an extent %	Up to a great extent %	Influence totally %
Book reading			11	59	30
Newspaper		7	63	30	
Magazine		20	57	23	
Music listening	58	15	27		
Radio listening	13	39	48		
Movie viewing	33	33	32		2
TV viewing	4	14	42	40	
Internet		49	37	14	
Mobile telephone		34	46	20	
Any other (Please mention)					

Limitations Of The Survey: The sampling was based on convenience. TV viewing included the film shown on different channels of TV and thus could not be exactly separated from the non film TV viewing. There was no separate question to differentiate between the two.

4.2. 1. Detail Findings For Table 4

- 99% of the respondents replied that they spend either no time or spend less than one hour in reading books.
- 60% of the respondents replied that they spend no time in reading daily newspapers, while rest of the 40% replied that they read newspaper for up to 2 hours daily.
- 81% of the respondents replied that they spend no time or less than an hour in reading magazines.
- 66% of the respondents replied that they spend 3 or more hours in listening music. 16% replied that they spend 1-2 hours while 18% replied that they don't listen to music at all.
- 30% of the respondents replied that they listen to radio for 3-5 hours while 45% of the respondents replied that they spend 1-2 hours in listening radio programs. 25% replied that they don't listen to radio at all.
- 38% of the respondents replied that they spend 3 or more hours in viewing movies. 29% replied that they spend 1-2 hours in viewing movies. 33% replied that they don't view movie at all.
- 75% of the respondents replied that they spend 3 or more hours in viewing TV, while the rest (25%) replied that they spend 1-2 hours in viewing TV.
- 83% of the respondents replied that their time for using Internet was nil or up to a maximum of 1 hour. 16% said that their Internet time was 1-2 hours.
- 29% of the respondents said that they do not spend any time on mobile phone, 45% said that they spend less than one hour and 21% said that they spend 1-2 hours, while 5% said that they spend 3-5 hours on mobile telephones.

For Table 5

- As high as 89% of the respondents think that books influence the mind either up to a great extent or totally to act or behave the way it is advised or recommended.
- 93% of the respondents think that newspapers influence the mind either to an extent or to a great extent to act or behave the way it is advised or recommended
- 80% of the respondents think that magazines influence the mind up to an extent or up to a great extent.
- 73% of the respondents think that listening music either does not influence the mind at all or influence up to some extent to act or behave the way it is advised or recommended. 27% of the respondents think that listening t music influence the minds up to an extent.
- 87% of the respondents think that listening to radio influence the mind up to some extent or up to an extent
- 33% of the respondents think that movie viewing does not influence the mind at all, while 65% think that movie viewing influence the mind of general public either up to some extent or up to a great extent.
- 82% of the respondents think that TV viewing influence the mind up to an extent or up to a great extent
- 86% of the respondents think that Internet does influence the mind either up to some extent or up to an extent. 14% think that Internet influence the mind of general public up to a great extent.
- 80% of the respondents think that mobile telephone influence the mind up to some extent or up to an extent. 20% of them think that mobile telephone influence the mind of general public up to a great extent.

4.2.2 DISCUSSION AND ANALYSIS

- While 93% of the respondents spend either no time or less than an hour in reading books, as high as 89% of the respondents think that books influence the mind best to act or behave the way it is advised or recommended in the book. In Pakistan there is a dearth of reading culture. The bookshops are closed and libraries are deserted. While it is good to see that the respondents do consider book reading as a major source of influencing mind and behavior but at the same time the reading habit is not there.
- The low reading trend for of newspapers and magazines are indicative of a culture distancing from knowledge, more so since the sample size were affluent enough and the household ladies were qualified enough. Such a trend reflects the prevailing lack of reading culture in the society.
- The trend for music listening, radio listening, movie and TV viewing further strengthen the previous finding indicating a passive cultural behavior and a pleasure seeking lifestyle.

5. CONCLUSIONS

The people who are considered the authority on their subjects are interviewed and quoted, they are the leaders of the society. The common public follow the leaders. People trust them and their words. For the spread of education, celebrities and academicians / scholars may be involved by the media to voice the need of both education and higher education in terms of quality as well as quantity. Another way of using this technique is

to use large groups of people. The selected people would discuss a topic creating awareness and knowledge. By doing so they are increasing individual's awareness, and thus stimulating instincts towards a particular issue or item and influencing individual's decision towards the chosen topic. Media need to be committed to share the promotion of education and higher education in Pakistan. A firm commitment with an ongoing long term program would reap dividends in immeasurable terms. Stuart and associates (January 1998) reviewed the convergence between Global Media Networks and Higher Education Provision. According to their findings opportunities for the Australian higher education sector include: Strong Postgraduate Programs and Strong Continuing Professional Education Programs. The threat to Australian universities lies not only in the 'pull power' and strong recognition of UK/US universities, but also in maintaining Australia's good reputation in Asia. Australia's current advantage in market terms is a 'first mover' advantage prone to erosion over time. Many argue that the threat to universities lay in 'cherry picking' commercially-attractive courses which currently allow Australian public universities to supplement operating grants. (<http://www.dest.gov.au/archive/highered/eippubs/eip97-22/eip9722.pdf>). Stuart's findings may be used by us as a guideline for offering Programs at postgraduate level and also to include the courses in the Programs in view of the changing scenario in the international environment. Such offerings may also be revised periodically.

Education is progressively moving to the masses and now it is being exported to the world as a service commodity. In view of the existing global trend it will not be surprising if we see that Pakistani universities are competing with the local campuses of world renowned universities the same way that locally manufactured consumer goods are competing with that of multinationals. Once again the role of media would play its role to convince the local people about the comparative quality of education.

It appears that the society is becoming more a learning market and higher education sector is a premium service provider. Like other services the pros of higher education and cons of not having it will be the talk of the future times in Pakistan. In view of the incoming trend of foreign universities in Pakistan it is imperative that the situation is dealt with head on with the involvement of mass media.

The potential impact of new technologies is unavoidable and need to be incorporated in the curriculum. While the government need to regulate the framework and extend the registration and accreditation process to new and emerging higher education centers, media at the same time need to be vigilant about the dissemination of knowledge on the set parameters. The presence of consumer protection regulations are not new, neither the presence of consumer activist forum. Such regulations and education activists need to be developed for higher education sector as well.

The concept of virtual universities and online education are spreading rapidly. Distance learning program is already in practice. This practice may be further extended to online programs. Pakistan need to jump in as soon as possible and take the early mover advantage. The basic function of a university is knowledge creation. Universities may be assessed periodically on the basis of research and knowledge creation for the society having some value added benefit on empirical terms.

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DISCUSSION

The Impact Of Managers' Orientation On The Job Satisfaction Of Their Subordinates

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ABSTRACT

The present research was designed to explore the impact of manager's orientation on the job satisfaction of their subordinates. The sample consisted of 120 employees; 20 managers and 100 of their subordinates ranging in age from 23 to 54 taken from different organizations of Multan. Motivator's Orientation Questionnaire (Deci, Connell, & Ryan 1989) and Job Satisfaction Questionnaire (Hackman & Oldham, 1975) were used to collect the information. Results indicated that subordinates working under autonomy oriented managers are more satisfied with their jobs as compared to the subordinates working under controlled oriented managers. Findings pertaining to gender differences suggested that female have more job satisfaction than their male counterparts under autonomous manager.

Key Words: Job satisfaction, autonomy orientation, control orientation, extrinsic/intrinsic motivation.

INTRODUCTION

Human Behaviors vary in the degree to which they are volitional or self-determined. Behaviors can be characterized in terms of the degree to which they are autonomous versus controlled. Self-determination theory (SDT) explains human motivation in terms of development and function of personality in social environment. The theory defines the level to which human behaviors are volitional (an unpressured willingness to engage in an activity) or self-determined - that is, the degree to which people act according to their will and choice (Deci & Ryan, 2000).

SDT presents the difference autonomous and controlled motivation. Autonomy involves acting with a full sense of volition and endorsement of an action. When autonomously motivated, the perceived locus of causality for action is internal and people experience the behavior as a reflection of who they are. There are two bases for autonomous motivation: intrinsic vs. extrinsic motivation (Deci & Ryan, 2000). People with intrinsic motivation when involve in an activity, they find it enjoyable and interesting at same level. While with extrinsic motivation people do work for tangible rewards without considering the work itself. According to SDT, the value and regulation of an extrinsically motivated behavior can be internalized to varying degrees, and the more fully it is internalized the more it provides the basis for autonomous extrinsic motivation.

When the regulation of a behavior has been well internalized, people identify with its personal value for themselves and thus perform the behavior volitionally because of its importance for their own lives and self-selected goals (Deci & Ryan, 1985b; Ryan & Deci, 2000).

Behavior is autonomous (or self determined) when our interests, preferences, and wants guides our decision making process to engage or not to engage in a particular activity. We are not self determining (i.e. our behaviors are determined by others) we some outside force pressure us to think, feel, or behave in a particular ways. Formally, autonomy is the need to experience choice, in the initiation and regulation of behavior, and it reflects the desire to have ones choices rather than environmental events to determine one's actions (Deci & Ryan, 1985a).

Autonomy refers to which a job offers freedom and independence to employee to design their job and tasks, and to determine the way of achieving goals. Autonomy in the organizations increases job satisfaction in employees. Many companies now rely on autonomous structure at work teams. Autonomous culture in the organization offers many advantages employees in form of satisfaction but at the same level it also may have drawbacks (Simmering, 2006).

Environments, external events, social contexts, and relationships all vary in how much versus how little they supports a person's need for autonomy. Some environments involve and nurture our need for autonomy, while others neglect and frustrate this need. For instance, when environment imposes a deadline it interferes with autonomy, but it provides opportunities for self direction, it supports autonomy. Relationships too can sometimes and other times thwart our need for autonomy, as when a manager listens carefully to her employees and uses that information to give employees opportunities to work in their own way and at their own pace (supporting their autonomy). When environments, relationships, social contexts, and cultures successfully involve and satisfy people's need for autonomy, these environments are referred to as autonomy supportive; when environments, relationships, social contexts, and cultures neglect and frustrate, and interfere with people's need for autonomy; these environments are referred to as controlling (Deci & Ryan, 1987).

Autonomy supportive environments encourage people to set their own goals, direct their own behavior, and choose their own ways of solving problems, and basically pursue their own interests and values. In doing these things, autonomy support catalyzes the person's intrinsic motivation, curiosity and desire for challenge (Deci, Nezlak & Sheinmen, 1981; Ryan & Grolnik, 1986). What autonomy supportive environments are not, however, are environments that are not permissive, neglecting, indulging, or laissez-faire (Ryan, 1993). Rather when people work for creating autonomy supportive environments for others (for their children, students, workers, athletes, etc.), they work hard to identify and support the other's interests, needs and strivings.

The opposite of autonomy support environment is a controlling one. Controlling environments essentially ignore people's need for autonomy and instead pressure them to comply with a pre- arranged and externally prescribed way of thinking, feeling or

behaving. So what gets supported in a controlling environment is not the person's autonomy but an agenda that is external to that person, such as what the teachers want the students to do, what the manager want the workers to do, or what the coaches makes the athletes do while practicing her support. Instead of supporting people's autonomy, controlling controls people's behavior (Reeve, 2005).

Although autonomy create sense of responsibility in employees that may result in higher productivity and job satisfaction, but out of boundaries autonomy may also create dissatisfaction in employees. Actually it has been found that all individuals do not have the same level of need for autonomy in his or her job. Some of the employees like more supervision from a manager and feel uneasy with high autonomy at work; they may not have desire to do with more efforts or may not ready to take the responsibility alone of doing work solely. Furthermore, if employees are with some deficiencies in terms of not well training or personality traits to use autonomy, it may cause distress at work tasks, stress and low activity. Finally, when employees are given autonomy, they experience authority and feel equal to that of their boss that may result in them to create the more sense of responsibility. They may also demand an increase in their salaries. In short, autonomy is often a positive concern for employees and managers. Workers usually demand autonomy that increases job satisfaction. However, the too much autonomy can have organizational drawbacks, and a care is needed when increasing it (Simmering, 2006).

Keeping in view the importance of autonomy vs. controlled orientations, the present study aimed to examine the job satisfaction of employees working under the autonomous vs. control oriented managers. Another objective of this investigation was to see the gender differences in this regard. On the basis of existing literature following hypothesis was formulated.

1. The employees working under the autonomy oriented managers will be more satisfied with their jobs as compared to the employees working under the control oriented managers.
2. Female employees working under the autonomy oriented managers will be more satisfied with their jobs as compared to their male counterparts.
3. Offering the moderate level of autonomy for employees will be more beneficial for organizations than higher level of autonomy.

METHOD

Participants

The sample consisted of 120 employees; 20 managers and 100 their subordinates ranging in age from 23 to 54. All the respondents were taken from the different organizations of Multan. To select the sample, non-probability convenience sampling technique was used.

Instruments

Following instruments were used to achieve the objectives of the present study.

Motivator's Orientation Questionnaire; Problems at Work Questionnaire (PAW)

Problems at Work Questionnaire (Deci, Connel & Ryan 1989) assesses whether managers tend to be controlling versus autonomy supportive with their employees. PAW was designed to be completed by the managers working in a position of authority and to influence the employee's behavior at work. The measure is composed of eight vignettes, each of which is followed by four items. The four items following each vignette represent four different behavioral options for dealing with the problem that is posed in the vignette: Highly Autonomy Supportive (HA), Moderately Autonomy Supportive (MA), Moderately Controlling (MC), and Highly Controlling (HC). Respondents rate the degree of appropriateness of each of the four options (on a seven-point scale) for each of the eight situations. The procedure for scoring the questionnaire begins by averaging the eight ratings in each of the four categories. The four subscale scores (composed of the average of the eight responses for that subscale) can be combined into one overall reflection of the "Manager's Orientation Toward Control Versus Autonomy Support." The procedure for combining the four subscales into one total scale score involves weighting the average for the highly controlling responses with a -2 (minus two); weighting the moderately controlling average with -1 (minus one); weighting the average for the moderately autonomous subscales with +1; and weighting the average for highly autonomous with +2. The algebraic sum reflects the manager's orientations toward control versus autonomy support, with a higher score reflecting a more autonomy supportive orientation and a lower score or a more negative score reflecting a more controlling orientation. The items that make up the subscales are as follows.

HC	3, 8, 9, 16, 17, 22, 27, 32
MC	1, 6, 12, 14, 19, 24, 25, 30
MA	4, 7, 10, 15, 20, 21, 26, 31
HA	2, 5, 11, 13, 18, 23, 28, 29

General Job Satisfaction Questionnaire

General Job Satisfaction Questionnaire (Hackman & Oldham 1976) was used to assess the job satisfaction of employees. This scale is structured as a 15-item with 5-point ratings wherein responses ranged from strongly agree to strongly disagree. Two items 12 & 15 are reversed scored. In reverse-score an item score of 5 becomes 1, 4 becomes 2, 2 becomes 4, 1 becomes 5, and a score of 3 remains unchanged. The maximum score is 75 and the lowest is 15. Overall internal reliability of scale is 0.77.

Procedure:

For the present study, 20 managers and 5 subordinates of each manager (N= 100) were contacted in their organizations at Multan. On the basis of the Problems at Work

Questionnaire filled out by managers, the managers were categorized as autonomous oriented managers (N= 13) and control oriented managers (N= 7). General Job Satisfaction Questionnaire was distributed to those employees who volunteered to participate in the study. Employees working under autonomous oriented managers (N= 65) and employees working under control oriented managers (N= 35) filled out General Job Satisfaction Questionnaire. Respondents were assured of the complete confidentiality of their responses and the importance of accurate responses was emphasized. Results were analyzed by using SPSS (Statistical Package for Social Sciences).

RESULTS

Mean, SD, and independent sample t-test were computed in order to test the hypotheses in the present study.

Table 1

Difference in the level of job satisfaction of employees working under autonomy oriented managers (N= 65) and control oriented managers (N= 35)

Employees	M	SD	t
Working under Autonomy Oriented Managers	259.54	17.85	16.11**
Working under Control oriented Managers	207.43	13.95	

*df= 98, **p < 0.01*

Table 2

Difference in the level of job satisfaction of males (N = 58) and females (N = 7) working under autonomy oriented managers

Gender	M	SD	t
Male	257.76	17.92	4.36**
Female	274.29	7.87	

*df= 63, ***p < 0.01*

Table 3

Difference in the level of job satisfaction of employees working under high autonomy oriented managers (N = 23) and moderate autonomy oriented managers (N = 42).

Employees	M	SD	t
Working under High Autonomy Oriented Managers	113.54	08.15	13.43*
Working under Moderate Autonomy oriented Managers	137.14	10.93	

*df= 63, **p < 0.05*

Results depicted in Table 1, 2, and 3 show the significant difference in level of job satisfaction of employees. Findings (Table 1) suggest that subordinates working under the autonomy oriented managers are more satisfied ($t = 16.11, p < 0.01$) with their jobs than the subordinates of controlled managers. Results depicted in Table 2 indicate that females have greater level of job satisfaction ($t = 4.36, p < 0.01$) under the supervision of autonomous motivator as compared to males. Table 3 reveals that employees of managers having moderate autonomy supportive have greater level of job satisfaction ($t = 13.43, p < 0.01$) as compared to the employees under the supervision of highly autonomous motivators.

DISCUSSION

Environment in any organization where the employees work together definitely affect the productivity level and satisfaction with jobs of the employees. Many factors are involved in maintaining healthy environment for organizations. One of the most important factors is related to the managers' characteristics i.e. gender, age, education, training, personality, and particularly the way of supervision. As discussed earlier, managers' orientations can be of two types; autonomy vs. control. For instance, the present study focused on knowing how differences in the orientations for supervision of managers affect the employees' level of satisfaction with their jobs. The data was analyzed on the basis of the assumption that there would be difference in level of job satisfaction of subordinates working under the managers with different orientations. Men and women working under autonomous vs. control orientations will also have different attitude towards their jobs, was another objective of the study.

The first hypothesis of the study which states that the employees working under autonomy oriented managers will be more satisfied with their jobs as compared to the employees working under the control oriented managers, has been supported in the study. The results showed that the subordinates working under the autonomy oriented managers have greater level of job satisfaction; while subordinates of control oriented managers have low level of job satisfaction. These finding are in tune with the previous study conducted by Deci, Connell & Ryan (1989) who reported that manager whose orientation for supervision is supportive and autonomous affects the perceptions, attitudes, motivation, and satisfaction of subordinates. Subordinates who worked under autonomous managers will have the work atmosphere that give them the chance to contribute their decision making process of organizations. Such an atmosphere helped to create in them a sense of psychological freedom and as a result of this psychological freedom they took interest in their job and used to be committed and satisfied with their jobs and organization as well. Research appears to be equivocal since most research indicates that individuals are likely to have high levels of job satisfaction if supervisors provide them with support and co-operation in completing their tasks (Ting, 1997).

There can be several plausible reasons for these findings because theory of management explains that subordinates who work under the supervision of seniors having autonomous approach, may be task oriented, having a strong desire for success or achievement, motivated to work, and ready to accept greater responsibility. They

may also have control on their self, direction for self, independence, and empowerment under the autonomous supervision. It is a fact that employees feel good and pleasure when their mental and physical work duties do. And it is believed that if employees are given the chance they wish to do more creativity in tasks assigned to them. They come to the advance solutions for predicaments through their forward thinking in the organizations. Freedom for doings at workplace may result in greater productivity and especially when independency is more offered to employees to perform job at the best of their skills and competencies without being slow down by authorities. So managers with this orientation make their employees free and create in them a sense of psychological freedom, which results in greater satisfaction of employees. The above findings are corroborated by Staudt's (1997) research based on social workers in whom it was found that respondents, who reported satisfaction with supervision, were also more likely to be satisfied with their jobs in general.

On the other hand control oriented managers bound their subordinates to work according to their values and rules. In fact a manager of control orientation assumes that his or her subordinates do not want to work hard in actual, that they would not pay attention to solve problems, that they do not take responsibility, and that it is only the manager's responsibility to look upon issues, to manage work, to design the job, to keep spirit high for work, and to motivate the employees. These assumptions of control oriented manager bring authoritarian management style that is generally focused on the threats of punishment. One major flaw of this type of orientation is it is much to cause the employees least interest in the job and commitment to the organization. These findings are in favor of the findings of the work of Billingsley and Cross (1992) as well as Cramer (1993). These researchers generally hold that dissatisfaction with management supervision is a significant predictor of job dissatisfaction. These differences between autonomy and control oriented managers are also significant as to convince the reader of the credibility of the finding of present study.

As far as the second hypothesis is concerned, the findings are statistically significant. It was assumed that females working under the autonomous manager will be more satisfied to their jobs as compared to their male counterparts (Table 2). These findings are in line with the previous study conducted by Jinnett & Alexander (1999). According to this study, female employees demonstrate higher levels of job satisfaction than their male counterparts across most work settings. Because of the friendly and free environment provided by autonomous managers, female employees felt more satisfaction with their jobs. They feel comfortable and convenient in such environment where they are asked about the organizational decisions. Because females used to live in the authoritative and controlled environment at their homes, so when are in work settings they have the autonomous environments they tend to show higher satisfaction and commitment as compared to their male counterparts. One of the most popular explanations is that men and women attach value to different aspects of the job. In addition to placing greater emphasis on co-worker relations, women are also more inclined to assign priority to work that provides them with a sense of accomplishment (Tolbert & Moen, 1998). Furthermore, women may compare themselves only with other women or with women who stay at home rather than with all other employees (Hull, 1999). Instead of having

low positions woman in our culture tend to be satisfied and committed to their jobs as compared to their male counterparts. Because rather than comparing themselves with their colleagues they used to compare themselves with those females not having the chance to come out of their homes. Their sphere of activities is only their home, children and spouses. And have no chance to for progress. So the working women tend to be thankful to their God and their spouses or parents for providing them with the chance of progressing in the outer world. So this sense of self-fulfillment enhances their involvement in their jobs and they tend to be more satisfied and committed to their jobs.

Results pertaining to the third hypothesis which states that employees working under moderate autonomy oriented managers will be more satisfied their jobs as compared to the employees working under high autonomy oriented managers have also been supported in the present study (Table 3). Researches indicated that the quality and quantity of the supervisor-subordinate relationship would have a significant, positive influence on the employee's overall level of job satisfaction (Aamodt, 1999; Kinicki & Vecchio, 1994). Chieffo (1991) maintains that supervisors who allow their employees to participate in decisions that affect their own jobs will, in doing so, stimulate higher levels of employee satisfaction.

This also may coincide with the work of Simmering, (2006) who reported that structure and culture of any organization generally determine the autonomy of employees and managers. Bureaucratic organizations generally restrict the autonomy, and do not offer autonomous environment in organizations for their employees. These types of organizations newer rely on autonomy, motivation to succeed, and empowering employees that may result in dissatisfaction in employees. While the organizations that offer autonomy for their employees, get the benefits of higher productivity, job satisfaction, and job commitment. Autonomy reduces some of the relational barriers between managers and subordinates. Therefore, through involvement, suggestions, and participation of employees in organizational decisions, workplace functions can be facilitated. Autonomy generates higher level of trust in relationships between managers and employees. But it is important to keep in knowledge that too much autonomy or free hand in the organization also may create inequality and difference in many respects. In the worst situation, employees may demonstrate unwanted and unethical behaviors if they get high freedom and autonomy, and do not have any check by authorities. Thus, it is suggested that a certain amount of check is needed in organizations to minimize wrongdoing that may go unnoticed when there are high levels of autonomy (Simmering, 2006).

CONCLUSION

On the basis of the findings obtained in the present study it is concluded that:

1. Employees working under the autonomy oriented managers have more job satisfaction as compared to the employees working under the control oriented managers.
2. Females working under the autonomy oriented managers are more satisfied with their jobs as compared to their male counterparts.

3. Employees working under moderate autonomous environment, are more satisfied with their jobs than the employees working under high autonomy supportive environment

Limitations and Suggestions

This investigation bore some limitations in that it relied on a convenience sample taken from the different organizations in Multan, and the sample used in the present research is not large enough to represent the whole population, the findings therefore can not be generalized specially to the other sample that can have totally different social background. The study may well be replicated in other settings, exploring some more variables which could be associated with job satisfaction e.g. education level, age, rural vs urban, and socio economic class.

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DISCUSSION

Dutch Disease in Pakistan

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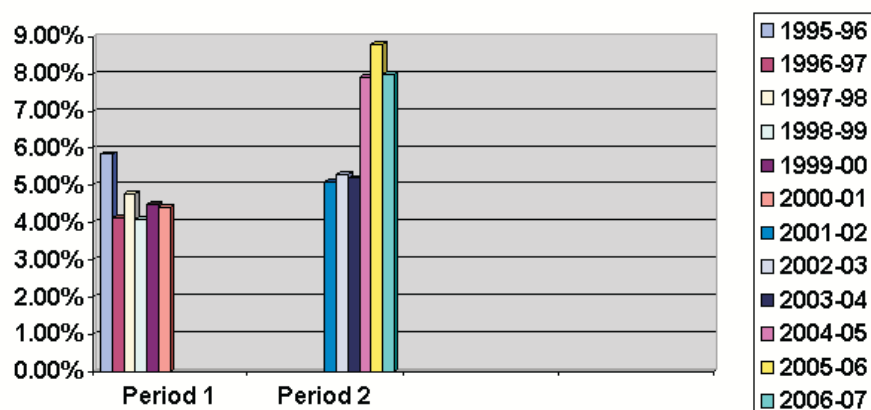
ABSTRACT

In recent years Pakistan has faced a rapidly growing services sector which has lead some observers to believe that there is a transfer of resources occurring in Pakistan from the tradable to the non-tradable sector, hence causing the Dutch Disease in the economy. However no precise response has been offered on this subject. This paper seeks to provide empirical evidence on the question of the existence of Dutch Disease in Pakistan by using Linda Kamas's model on Dutch Disease. The percentage change in the growth of the tradable and the non-tradable sectors in Pakistan is calculated by using data from the Economic Survey of Pakistan from the Fiscal Year (FY) 1995-1996 to the FY 2006-2007. It is found that although the non-tradable sector growth has increased by a little larger amount than the growth of the tradable sector, there is still steady increase in the tradable sector growth. Hence empirical evidence indicates that the Dutch Disease does not exist in Pakistan.

Keywords: Dutch Disease

I. INTRODUCTION

The services sector has been gaining considerable importance in Pakistan's economy in the recent years. Recently it has been the major growth engine of the economy contributing a significantly large chunk to the overall GDP growth. Financial and insurance services, construction services and retail & wholesale trade are some of the major areas which depicted strong growth within the economy and underwent sizable expansion in the recent past. On the other hand, during the 1990s the manufacturing sector had been the major source of driving Pakistan's GDP growth. Both the large and the small scale manufacturing had experienced considerable positive growth. Along with this the agriculture sector had also contributed positively towards the GDP growth rate in most of the years during that period. The services sector had occupied comparatively less importance. However the scenario has rapidly been changing over the period of time and the services sector has steadily been gaining more significance. In such circumstances some observers feel that the Dutch Disease has been taking root in Pakistan in the aftermath of the changes that have been taking place after the attacks of September 11, 2001.

Fig. (i): Annual Percent Growth in Services Sector 1996-2007

The concept of the Dutch Disease originates from what happened in the Netherlands during the 1960s. Netherlands experienced major increases in its domestic production after the discovery of huge natural-gas deposits in the 1960s. A boom in the exports of this natural resource caused an appreciation of the guilder in real terms, thus reducing the profitability of other exports, especially manufactures. Almost the entire non-oil tradable sector suffered a decline as a ripple effect of this [Sachs & Larrain (1993)].

Although a natural-resource boom has often been the cause of the Dutch Disease, there can be other reasons for a decline in the tradable sector in the favor of the non-tradable sector. A high influx of foreign aid, foreign investment or remittances may also cause this Dutch Disease phenomenon to trigger. A fiscal expansion by the Government which is not coupled with a decline in private spending can also lead to a shift of production from tradables to non-tradables hence causing Dutch Disease [Sachs & Larrain (1993)]. In the case of Pakistan, although there has been no natural resource boom, there has been a high degree of foreign exchange flowing into the economy in the form of remittances, foreign aid, and investment. Additionally there has also been increased fiscal spending by the Government and this was not coupled with a decline in private spending. Thus increasing growth in the services sector has given rise to the question that "is the Dutch Disease taking root in Pakistan?"

This study seeks to investigate the hypothesis that does the Dutch Disease exist in Pakistan. This will be done by comparing in two different time periods, the growth in the commodity sector-which is the tradable sector of the country, with the growth in the services sector-which is the non-tradable sector in Pakistan. The period from the fiscal year (FY) 1996 to the FY 2001 constitutes the period I, and the period from the FY 2002 to the FY 2007 constitutes the period II. In general, while the growth in the Services sector has become more prominent than the growth of the Manufacturing sector during period II, it is detected that the Manufacturing sector's growth has not lost steam and has increased significantly compared to its value in period I. The rest of the paper is divided into four sections. Section II reviews the theory and literature that currently exists regarding the Dutch Disease. Section III gives an overview of the methodology that has been used to arrive at the results of this study. Section IV presents the results of the investigation. Finally the paper is concluded in section V.

II. THE DUTCH DISEASE-THEORY AND LITERATURE

The core model of the Dutch Disease Theory is found in the work of Corden and Neary (1982). In their core model, they divided the economy into three sectors-the booming export sector, the lagging export sector and the non-tradable goods sector. The booming export sector and the lagging export sector are the tradable sectors whereas services generally constitute the non-tradable sector. Corden and Neary then demonstrated that the traditional tradable sector may be crowded out by the other two sectors as a result of an appreciation of the real exchange rate (REER) of the domestic currency, because the appreciation causes the traditional exports to become less competitive in the world market and thus less attractive for importers.

Sachs and Larrain (1993) note that, a shift of production between tradables and non-tradables can occur whenever large shifts in the levels of domestic spending take place. This may happen when an economy begins to repay its debts, but there may be other reasons as well. An influx of foreign aid, foreign investment or remittances may also lead to this phenomenon. One case that has been receiving considerable attention from economists is that of a country that encounters significant change in its wealth because of changes in the value of natural resources possessed by the residents of the country. There are various examples of this occurring like the discovery of oil deposits by Norway in the North Sea, or the large increase in the incomes of oil exporting countries during the 1970s. It must be noted that in the developed countries the industrial sector mainly constitutes the traditional tradable sector, however in the Less Developed

Countries the agricultural sector is also a major part of the tradable sector (Stijns, 2003). Additionally, Olusi and Olagunju (2005) point out that in the Less Developed Countries, labor and other resources migrate to the non-tradable sector of services and the relatively small import substituting manufacturing sector.

Although there is a considerable amount of theoretical literature available on the Dutch Disease, there is also a significant amount of empirical literature available on this phenomenon. It has been empirically demonstrated by Ellman (1981) that the exploitation of natural gas deposits in the Netherlands lead to sharp declines in the country's textile and clothing, metal manufacturing, mechanical engineering, automobile and shipping industries. Only the services sector expanded which was the non-tradable sector. However Barker (1981) and Kremers (1985) contend, that it cannot be established that the energy boom lead to this decline because some other countries in Western Europe also experienced a similar decline without having an energy boom.

Empirical evidence of Dutch Disease has also been sighted in the cases of various other countries. Ross (1986) diagnosed various symptoms of the Dutch Disease in the case of the United Kingdom. Commercial exploitation of crude oil began in 1975 in the UK. The REER in the country appreciated by around 53% between the years 1977 and 1980. This lead to a decline in UK's manufacturing output. However Forysth (1985) argues that although evidence of Dutch Disease in the UK exists, but it is not possible to precisely measure the impact of the resource boom on structural changes in the economy.

Results of the study by Jimenez-Rodriguez and Sanchez (2003) are mixed. They investigated the cases of Norway and the UK. They concluded that the oil price increases had a considerable negative impact on the GDP growth of UK, but the price increases benefited Norway. In addition to this, Brown and Yucel (1999) demonstrated that even the US economy is not immune to the Dutch Disease, although the US is not a net oil-exporter. Their model showed that an oil price shock caused a decline in their real GDP.

Another comprehensive literary survey was carried out by Stijns (2003) which used the World Trade Data rather than focusing on a particular set of countries. He concluded that booms arising due to energy-prices have systematically hurt the manufacturing exports of the energy exporters.

It is evident that considerable evidence about the existence of the Dutch Disease in the Developed countries is present. However now we move to the cases of Dutch Disease that have been found in the Less Developed Countries. First there is the example of Indonesia, however it is a unique case because it is contended that Indonesia managed its currency wisely and did not have to undergo the effects of Dutch Disease (Olusi and Olagunju, 2005). Warr (1985) notes, that although the energy boom had a considerable impact on the domestic prices in Indonesia, it is unclear whether the structure of the economy underwent any change. Roemer (1994) also states, that the Indonesian Government avoided the most intense effects of the Dutch Disease through careful management of the exchange rate. In various other studies it has been demonstrated that a natural resource boom did not lead to the Dutch Disease. For instance in the cases of Kuwait, Indonesia and Mexico, the growth rate of the manufacturing sector was equal to or surpassed the growth rate of the non-tradable sector. However Olusi and Olagunju (2005) contend that the effects of Dutch Disease did take place in some of these countries, they occurred in the form of the declining agricultural sector rather than the manufacturing sector. Apart from this Voss (1996) contends that aid inflows have tended to generate fairly strong Dutch Disease effects for Pakistan.

In the back drop of the above quoted literature, this paper will now investigate whether the Dutch Disease effects have set-in in the case of Pakistan. We first lay down the methodology that was used to arrive at the results.

III. METHODOLOGY

The research conducted to investigate the hypothesis of this paper uses the replication of a model that was originally used by Linda Kamas (1986) [qtd. in Sachs & Larrain (1993)]. to study the "Dutch Disease economics and the Columbian Export Boom," and was published by the World Bank.

Data was obtained for the growth performance of the tradable and the non-tradable sectors of the economy as a percentage at constant factor cost. The average over period I and period II of the annual growth percentages in each sector was then calculated using excel-worksheets to find the annual average percent growth of production in each selected sector for period I and period II. Finally the percentage change from period I to period II in the annual average percent growth of production in each sector was calculated by subtracting the value obtained for the annual average percent growth for period I from the value obtained for period II. These values for the percentage change in growth that occurred in moving from period I to period II were then used to analyze whether there has been a shift in resources from the tradable to the non-tradable sector in Pakistan.

The classifications made by the Economic Survey of Pakistan of the different component sectors of the Gross National Product (GNP) were used for this study. The Economic Survey of Pakistan is annually published by the Finance Division of the Government of Pakistan. The annual publications from the FY 1995-1996 to the FY 2006-2007 were used. The classifications were organized as follows. The tradable sector was taken as the commodity sector-constituted by agriculture, mining & quarrying, and manufacturing.- and finally the electricity & gas distribution sector. Agriculture was divided into the major crops, the minor crops, livestock, fishing, and forestry. Manufacturing was divided into the large-scale manufacturing and the small scale manufacturing, The non-tradable sector was taken as the services sector-constituted by transportation, storage & communications, wholesale & retail trade, finance & insurance, ownership of dwellings, public administration and defense, construction services and other services. It must be pointed out that construction services were a part of the commodity sector in older classifications, however they were included as a part of the services sector for the purpose of this study in order to follow the latest classifications which have been hailed as being more accurate. It should also be noted that the growth of exports was added to the picture to get a more holistic view of the Dutch Disease problem although the original model by Linda Kamas (1986) does not take exports into account.

The empirical data for the above mentioned sectors was then obtained from the "growth and investments" section and the "external trade" section of the Economic Survey of Pakistan.

IV. RESULTS

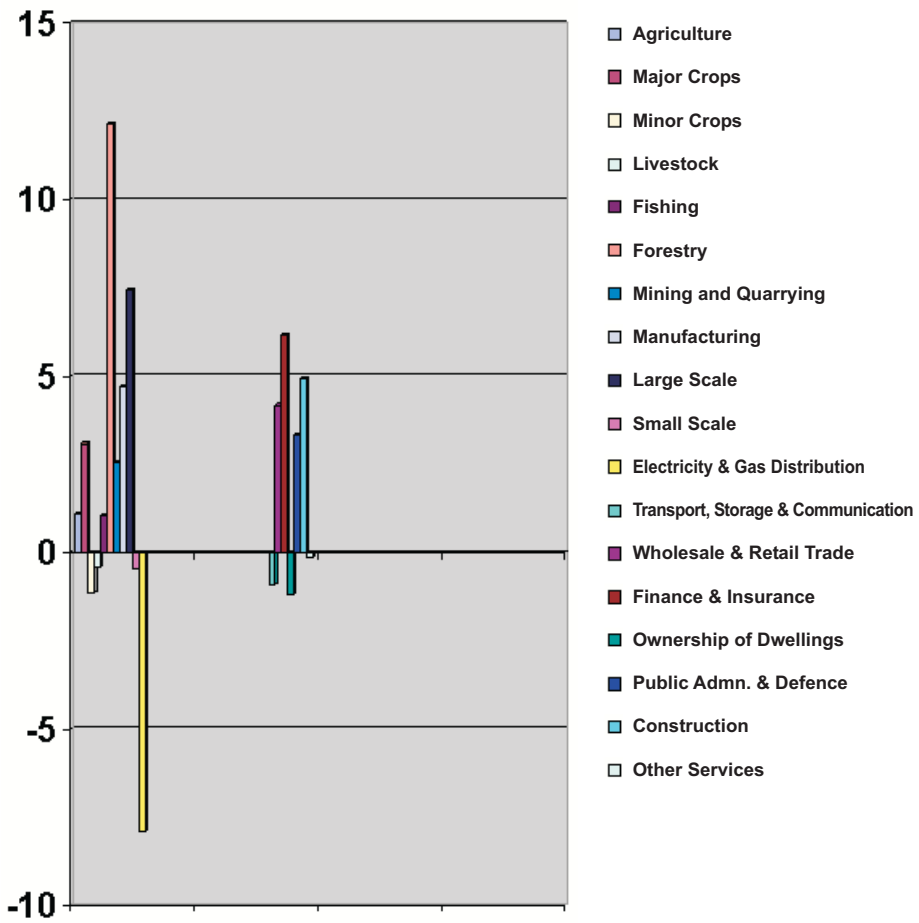
The results of this study are presented in Table 1 below and the bar-chart in Figure 1. Both Table 1 and Figure 1 indicate the percentage change from period I to period II in the growth rates of the commodity sector, the services sector and their components. The services sector was growing at a growth rate of 4.63% in period I and this increased to a growth rate of 6.57% in period II. Thus there was a positive change in the growth rate of 2.09% moving from period I to period II. The major increase in growth occurred in the financial and insurance services sector-which is of 6.14%, followed by the construction services sector having an increase of around 4.94%. Public expenditure & defense, and wholesale & retail trade also experienced increases in their growth rates. However transport, storage and communications, ownership of dwellings and other services experienced a decline in their growth rates.

Table 1

THE RECOMPOSITION OF PRODUCTION IN PAKISTAN DURING, 1996-2007
(Annual Average Percent Growth Of Production In Selected Sectors)

	GROWTH		
	1996-2001	2002-2007	% Change
Commodity Sector	3.65	5.57	1.92
Agriculture	2.77	3.87	1.09
Major crops	1.82	4.90	3.08
Minor crops	2.63	1.48	(1.15)
Livestock	4.33	3.92	(0.42)
Fishing	4.07	5.13	1.06
Forestry	(12.17)	(0.03)	12.14
Mining and Quarrying	2.08	4.62	2.54
Manufacturing	4.49	9.18	4.69
Large Scale	3.07	10.50	7.44
Small Scale	7.37	6.90	(0.47)
Electricity & Gas Distribution	6.94	(0.95)	(7.89)
Services Sector	4.63	6.72	2.09
Transport, Storage & Communications	5.20	4.28	(0.91)
Wholesale & Retail Trade	3.58	7.75	4.17
Finance & Insurance	4.15	10.28	6.14
Ownership of Dwellings	5.29	4.10	(1.19)
Public Admin and Defence	3.37	6.67	3.30
Construction	2.53	7.47	4.94
Other Services	6.52	6.37	(0.15)
Commodity Exports	2.32	11.5	9.18

Figure 1



While the services sector experienced an increase in growth of 2.09 %, the commodity sector moving from period I to period II had a percentage increase in its growth of 1.92%. The commodity sector growth had been 3.65% in period I, which increased to 5.57% in period II. Major crops, large scale manufacturing, forestry, fishing, and mining & quarrying all experienced an increase in their growth. However minor crops, small-scale manufacturing, electricity & gas distribution and livestock experienced a decline in growth.

These results indicate that growth in both the services and the commodity sector has increased. The increase in the growth of services is a bit higher than the increase in the growth of the commodity sector (some charts in the appendix), however it is stressed that the commodity sector growth has not failed to rise. It has shown a steady increase (1.92%) which is just a little (0.17%) less than that of service (2.09%). Hence, there is no evidence of a transfer of resources from the tradable to the non-tradable sector, and thus it shows that the Dutch Disease does not exist in Pakistan.

Apart from the Growth in the commodity and the services sector, growth in Pakistan's commodity-exports has experienced an increase of around 9.2%. It was around 2.31% during period I but increased to around 11.5% in period II.

V. CONCLUSION

This study shows that there is no concrete evidence of the existence of the Dutch Disease in Pakistan. Although the non-tradables experienced a greater increase in growth than the tradables, and the overall magnitude of their growth was greater than that of the tradables in period II, there has still been an increase in the growth of the tradable sector of 1.92%. This means that the tradable sector is steadily growing at an increasing rate. It is acknowledged that some sectors on the commodity side like minor crops and small-scale manufacturing have experienced reduced growth, but the magnitude of the decline in these sectors is quite small. There is no major shift in the resources from the tradable to the non-tradable sector. This observation is further supported by the fact that there has been a sizeable increase in the commodity-exports of Pakistan whereas Dutch Disease is signified by a fall in traditional commodity exports.

Hence it is concluded that although the services sector has gained more importance over time in Pakistan, empirical evidence indicates that the Dutch Disease does not exist in the country's economy.

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Case Study**The Development of Informal Sector Small and Medium Scale Enterprises through Formation of Cluster and Networking. A Case Study based on Sri Lanka and Pakistan****S.W.S.B. Dasanayaka**

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ABSTRACT

The concepts of cluster and networking emerged in 1960s in Small and Medium Scale Enterprises (SMEs) literature but the formation of SME clusters and networking is a very new strategy for Sri Lanka started in 2001 and Pakistan started in 2003. But it shows some positive sign of growth by increasing competitiveness of SMEs by opening-up new opportunities due to good innovative networking, common facility usage and collective efficiency of economies of scale, scopes and synergies, etc. The problem of many SMEs in both countries is not their size, but being isolated and working in enclave nature, therefore SMEs individually have little capacity to respond to competitive pressure and to generate factors for expansion and innovation. Especially, SME Apex bodies and Authorities see the formation of clusters and networking as the way to reduce transaction cost of facility provision by creating new form of co-operation for sharing resources, information, technical expertise and knowledge, etc. But in turn, this can strengthen the competitiveness as well as facilitating learning and technical innovation and ultimately it helps SMEs to mobilize human, financial and other resources to one place by opening avenue for long lasting networking. Many successful empirical stories available regarding the effectiveness of SME cluster and networking formation around the world but Sri Lankan and Pakistan cases may be too early to judge the exact relationship between SME's success and cluster and networking formation as they recently started these concepts. But available evidences in some clusters and networking in both countries show that due to this SMEs growth and competitiveness have been increasing during the last few years in terms of various indicators. Therefore, this paper ascertains the implications of cluster and networking formation on growth and competitiveness of Sri Lankan and Pakistan's SMEs. This paper concludes by emphasizing that formation of clusters and promotion of networking is a very good start to develop and increase competitiveness of SMEs but at the same time many other right policy initiatives, incentives, business development services and infrastructure facilities must be in place to better perform these clusters and networking relations to address SMEs complex and diverse problems. Especially, clusters and networking alone cannot be solved the complex problems and constraints encountered by SMEs in Sri Lanka and Pakistan to break the vicious cycle of SMEs.

Key words: Clusters, Networks, Small and Medium Scale Enterprises: SMEs, Sri Lanka, Pakistan.**JEL Classification:** O32, L2

INTRODUCTION

The South-Asian region traditionally has been the cradle of small scale enterprises. There is evidence that right through ancient times, traders from the present day political entities of Pakistan and Sri Lanka have taken the produce and the manufactured goods to far away destinations. Even in recent recorded history certain areas in this region have excelled in specific items. Gems and ivory from Colombo (Sri Lanka) and surgical and sports goods from Sialkot (Pakistan) have created their impact of quality and customer acceptance all over the world. As the competition grew, the small scale enterprises as a natural process came together to develop their strength through unity of purpose. This gave birth to first clusters. Clusters have several advantages. These include a high degree of networking which stimulates productivity, ability to diversify and to acquire the capacity to new products when the demand for existing products falls. Swann and Baptista (1998) in positive feedback model aptly sum up how the clustering phenomenon, felt through the entry of new firms and the growth of incumbent firms, leads to a positive feedback loop, which will induce further growth within the cluster. Researchers who have studied benefits of clusters include Cook 2002, Feldman and Francis 2005, Harrison 2007 and Glavan 2007. The policy makers are searching ways to create new clusters. With an even more globalized world and increased competition the appeal of clusters has become stronger and more urgent. Yet, the formation and the sustenance of the clusters has somehow remained a mystery. There has been a limited research carried out in this direction. No doubt it is a complex area and no figurative results can be highlighted to show as to how the development of industrial clusters has taken place. In this context, this paper attempts to seek answers to the following research questions.

- Q1: How do industrial clusters get created?
- Q2: What sustains the dynamism of successful industrial clusters?
- Q3: Can a pattern of success be discerned in clusters?
- Q4: Can Government policies play a role in creating viable clusters?

The author go about seeking answers to these questions by examining the experience of some of the prominent and successful clusters, their formation and sustenance in both countries. The study further investigates various initiatives, the role and the results thereof in development of clusters.

The findings have resulted in a wealth of information about the dynamics of the clusters. The analysis should help to identify conditions for the formation of clusters, their maintenance and their viability. The analysis should be particularly valuable to policy makers and provide a focus for further research on the subject.

ORIGIN AND THE EVOLUTION

Darwin advanced concept of collaboration as a tactic adopted by species for survival in a complex and uncertain environment. The small scale sector in specified products similarly came together to face a hostile, complex and uncertain business environment. The origins of the clusters thus can be visualized in an attempt of coming together to share knowledge and to supplement efforts of each other to create a name and a brand, which otherwise would have been outside the capabilities of an SME.

The cluster concept basically originates as a tool of achieving competitive advantages. Competitive advantage involves managing the entire value system, encompassing the value chains of the firm, suppliers, channels and buyers. The strongest competitive advantages often emerge from clusters. Thus clusters are not an unknown phenomenon. Colombo and Sialkot have been known as cluster towns for many years. Many crafts and skills have stayed in families through inheritance. Historically, clusters have been found in a wide variety of traditional industries (textiles in northern Italy, shipbuilding in Glasgow, steel in Pittsburgh, car manufacture in Detroit). In the British context, the clustering phenomenon was observed in the industrial revolution (cotton industry) and in earlier economies, for example, textiles in northern England and a financial cluster in the City of London (Kuah, 2002). Researchers attribute origins of modern day clusters to the decline of manufacturing industries in the states of Illinois, Indiana, Michigan, Ohio, and Pennsylvania and the decision of the entrepreneurs to seek new places with lower wages (Yusuf, 2008).

Collaborative linkages and networks, as an important strategy for the development of small business sector, are increasingly the focus of attention for entrepreneurs/managers, public policy makers and academics. This perspective of small enterprise linkages can be a particularly effective approach to overcome many of the traditional constraints facing small enterprises and to help in fostering the development of truly vibrant and economically viable small enterprises that can serve as a sustainable form of quality job creation and income generation for developing countries. Policy makers aim to increase the competitiveness by embedding of SMEs in horizontal linkages between firms (through clusters and networks) and vertical linkages with markets (through local and global value chains). While SMEs face difficulties in actively engaging in corporations, enterprise networks and clusters offer an adequate framework for responding to the increasingly demanding requirements from industry. By joining forces, both horizontally and vertically, and learning from other partners from the supply chain, SMEs are put in a much better position to compete.

Enterprise corporations offer small enterprises the opportunity to draw upon resources which enable them to collectively master more complex challenges. However, SMEs are slow to seek such solutions and only rarely engage in an active search for partners. Moreover, the importance of enterprise networks is increasing in terms of

facilitating enterprise access to resources such as technology, qualification, information on market requirements, and business support services. Thus, clusters and networks are important tools for SMEs to enhance their access to technology and other resources and services which help them to stay competitive in a more globalized economy. The evolution and the growth of clusters can be thus visualized as a natural process which may not require policy regulatory policy.

DEFINITIONS AND CLASSIFICATION OF CLUSTERS

Porter (1990) introduces the concept of clusters as “groups of interconnected firms, suppliers, related industries and specialized institutions in particular fields that are present in particular locations”.

Marshall (1890), characterized ‘concentration of specialized industries in particular localities’ that he termed as industrial districts. This local concentration of specialized activities exhibited external economies in the ready availability of skilled labour; the growth of supporting and ancillary trade; and the specialization of firms in different stages and branches of production. By being located close to one other, potential customers can reduce their searching costs and compare prices with quality. Reputation of a cluster in its quality or innovation will further draw customers to the location for their custom (Kuah,2002). In a broader context, as used in case of Sri Lanka in this paper, Cortright (2006) observes, that clusters represent a fundamental organizing framework for understanding regional economies and for developing economic strategies.

Clusters have been classified differently by researchers depending upon the needs and purposes of typology. Classification on the basis of number of units, strength of employment, turn-over, revenue generation, volume of exports usually find favour with policy makers and the regulators. Others have suggested classification as competitive, strategic, emerging, potential, and mature for the same users. Specific product, parts or the manufacturing process or supplies to a sector of industry is appropriate basis for commerce. Sarcina (2009) reports that research studies on role of SME clusters in organizational learning and the inter-relationship of various levels of learning has resulted in five main cluster types identified as Proterian, Segmented Proterian, Interlocking, Induced Partnership, and Virtual Cluster. For a study of the type as in this paper a more appropriate classification has been advanced by Markusen (1994), as:

- (a) Marshallian: Locally owned firms with substantial interfirm trade and collaboration, and strong institutional support
- (b) Hub and Spoke: One or several large firms with numerous smaller supplier and service firms with cooperation between large firms and smaller suppliers on terms of the large(hub) firms
- (c) Satellite platform: Theses comprise of medium-size and large branch plants with minimum inter-firm trade and networking

- (d) State anchored: Large public or non-profit entity related supplier and service firms, restricted to purchase-sale relationships between public entity and suppliers

SME CLUSTERS: PAKISTAN EXPERIENCE

SMEs constitute nearly 90 percent of all the enterprises in Pakistan, employ eighty of its non-agricultural work force and share 40 percent of GDP. (). SME policy interest explicitly started in 1998 with setting up of the Small and Medium Enterprises Development Authority (SMEDA). In 2001, UNIDO established an Industrial Information Network - INN, to promote SMEs in Pakistan and oversees, and facilitate entrepreneurs in e-commerce trade. UNIDO has developed SME clusters, in partnership with several trade associations. UNIDO is also providing a platform for the development of IT- SME clusters, through bringing in contributions from overseas Pakistanis and building partnerships with the media.

Marble Processing cluster

Marble and Granite is the sixth largest mineral extracted in Pakistan. Planning of the new capital city of Islamabad attracted this industry in a large way when two firms one each in Islamabad and close by Rawalpindi started their operations as processors. The stone mainly sourced from the province of NWFP in the shape of potato (as blasted), was processed as slabs and tiles, and sent to various cities all over the country. Number of units increased manifolds.

According to the industry estimates 1.37 million tons of marble and granite are produced annually; 97% of the same is consumed locally (SMEDA, 2006). Known reserves of marble and granite are 160 million tones and 2 billion tones respectively. Marble reserves are mostly concentrated in NWFP and Balochistan. Thar has granite reserves of 1.15 billion tones. Quarry operations in Pakistan lack latest technology. Stone is quarried randomly using simple drilling and dynamite splitting techniques. Explosives are used irrationally, creating major waste and poor quality rough blocks. About 50 percent of the material is wasted at the quarry and another 30 percent during fabrication. The irregular blocks produced are difficult to handle and create problems in lifting, transportation, storage, and fabrication. There exist very few units with complete range of machinery and equipment capable of processing stone in accordance with international standards. Out of over 1000 units, there are only about 25-30 units which claim to have latest technology and machinery to carry out operations of cutting and polishing of slabs.

Gems & Jewellery Clusters at Lahore and Karachi

Pakistan is the fifth largest country for the occurrence of gemstones in the

World. The country has been gifted with abundant resources of several precious and semi-precious gemstones, mostly quarried in the Northern provinces presently, but with large unexplored reserves in Balochistan. Precious stones found so far include emeralds (Swat), pink and golden topaz (Mardan) and aquamarine in Chitral and Neelum Valley. Lahore and Karachi are the major hubs. Besides, the trade flourishes in more than thirty major towns and nearly three hundred smaller towns. In addition, in over 45,000 villages jewelers and makers of gold and silver ornaments operate as single-shops. Pakistan exports gems & jewellery worth of US \$ 32 million per annum. This volume is insignificant in the total global trade of \$ 84.4 billion.

There is no formal survey carried out so far to identify the geological resources of gemstones in the country. The first gemstone mine in Pakistan was discovered in 1951, in the Haramosh Range. It took 27 years for the establishment of Gemstones Corporation of Pakistan (GEMCP). Within 15 years of its establishment, GEMCP was disbanded in 1993-94 and private sector was encouraged to invest in the sector. In 2007, the government formed Pakistan Gems & Jewellery Development Company (PGJDC), a non-profit public/private entity for the development of the sector.

Faisalabad Cotton Ginning Mills Cluster

After separation from India in 1947, the cotton ginning industry had a desolate look due to the migration of Hindus and Sikh owners who largely possessed the technical and management know how. The new owners came to acquire the industry mostly by allotment as evacuee property and tried to operate the factories as best as could be possible. This practice continued from 1947 to 1950. In 1960, the cotton ginning factories were transferred from the allottees to the buyers. The new owners braved the situation and recorded success which proved catalytic for mushrooming of ginning mills in and around Faisalabad which form the cotton growing areas of Pakistan.

Faisalabad Textiles Cluster: Faisalabad being the major city in cotton growing areas houses weaving mills. It has around 50,000 weaving units with more than 400,000 weaving looms of different types. Even though the technology used is old , the sector has been able to create a mark in world markets because of innovatory designs in textiles and the low costs of production.

The Case of Auto Parts SMEs

The automotive assembling in Pakistan was pioneered in 1950 with setting up of National Motors Limited, a public limited company. Established by General Motors of USA, National Motors assembled well known brands of passenger cars as well as commercial vehicles. A regular car industry started in 1983, when Suzuki commenced production of the small and LCV car segment of 800cc-1000cc range, introducing Suzuki car which targeted the middle-income group. Indus Motor Company was established

in early 90's to manufacture Toyota vehicles. Soon after, Honda Atlas started with Civic. Gandhara Nissan entered the market with Sunny. Later Dewan Motors set up a plant to manufacture Hyundai and Kia vehicles. The industry operates under franchise and technical cooperation agreements with Japanese, European and Korean manufacturers. Through indigenous technical resources and technical tie-ups with well-known global companies, the auto parts industry is well developed. Almost 400 units are registered as certified vendors to assemblers/OEMs. There are another 1200 units mostly catering to the replacement market.

Sialkot Sports- goods Cluster

Sialkot has been known world wide for its sports goods and accessories for more than 100 years. Its source of strength has been the right quality mulberry from the near by low hills of the Kashmir valley. Like Faisalabad, it wore a desolate look with the migration of Hindu/Sikh owners to India in 1947. However, soon the local skills and determination could establish and restart the business. Initially, the international buyers purchased sports goods from Sialkot and sourced sports wear from South Korea, Taiwan and other countries. Satisfied customers, however, asked the local manufacturers to produce sports wear as well. Now, contrary to world practices, the firms engaged in manufacturing of sportswear, are also producing sports goods. This has helped to leverage out risks into more than one product line. Export of these products amounted to \$ 90 million during 2004-05. The average growth rate for the past 3 years is 16percent. However its share in international trade is a meager 4.5 percent. More than 10,000 skilled workmen are engaged in the cluster. Renowned brands as Addidas, Nike, Puma, and others source their requirements from the Sialkot cluster. Behind the success of Sialkot is the spirit of creativity and innovation of skills. Sialkot worker today has cross functional skills to switch over from making of sports goods to sportswear and leather garments.

Gujrat Wooden Furniture Cluster

Estimated annual sales of furniture from Gujrat is at around \$50 million with a growth rate of 10 percent per annum. Gujrat cluster is comprised of around 350 units, providing direct employment to more than 8,000 persons (SMEDA, 2006). These units are vertically integrated and are involved in the different stages of processes of furniture manufacturing. The furniture making units sell their products in both semi finished and finished form. Bulk of the production is for domestic consumption but a few units are also involved in exports to individual clients in UK, US, Saudi Arabia and the Middle East. The total export of furniture from Gujrat is valued at \$4.5 million. There is no specialized training institute for furniture making in Gujrat, except for a small wood working service center. It is the inherited skills which predominate.

Faisalabad Light Engineering Cluster

Faisalabad cluster is demand driven to meet the needs of textile ginning mills, agricultural machines and other industry in the area. General purpose machines, industrial machines for textiles, parts of power looms, knitting machines, winder machines, warping machine, sizing machine, inter locking, jiggers, wheat threshers, choppers, plough blades etc are all made in this cluster. Foundries at Faisalabad supplement light engineering related setups of this sector. Complete textile machinery plants are not produced because of lack of knowledge and obsolete facilities to make precision parts. Low-tech machinery (e.g. auto looms, towel machinery & wheat threshers) are being exported to several countries like Bangladesh, Sri Lanka and some of the African countries. Suffering from technological drawbacks, this sector has not been able to generate enough demand for full capacity utilization.

Leather Tannery Clusters

This industry thrives in many aspects as truly indigenous SME industry. This industry is second only to cotton textiles and its contribution to overall and regional economy can be highlighted in many aspects. The leather sector contributes around 5% to GDP and 7% to the total exports of the country (SMEDA, 2003). All together over 2500 tanneries are scattered in Pakistan. The industry offers direct employment to over quarter of a million.. The share of Pakistan in the global leather market is around \$ 0.6 billion (3%) out of a total \$ 20 billion and this is met largely from over 725 small and medium size tanneries in clusters at Korangi (Karachi), Lahore, Multan, Kasur(Lahore), Faisalabad, Peshawar, Gujranwala, and Sialkot (SMEDA 2003). The leather tanning industry produces about 6 million hides and 36 million skins annually (Ghani, 2006) from cattle bred locally.. However, there have not been many changes in industry practices over decades.

Information and Communication Technology Clusters

Information Technology is one of the fastest growing sectors in Pakistan economy in terms of its revenue and size. Pakistan's total IT export revenue is estimated at \$ 100 million. Metropolitan cities of Lahore and Karachi are the two important clusters. Islamabad is another fast developing cluster in areas of call centers and BPOs.

Sargodha Electrical Fittings Cluster

Sargodha, Karachi and Lahore are major industrial areas for electrical fittings.. Almost 70% of Pakistan's electrical fitting products are being produced in Sargodha. Over 1200 SMEs units employing around 100,000 persons operate in this sector (UNIDO/SMEDA, 2006). An estimated 10 million units/pieces of various electrical products like switches, sockets, power plugs, bells, TV & telephone socket, holders, fan

dimers, ceiling roses etc. are produced monthly. Sargodha cluster currently suffers from a variety of technological obsolescence issues and structural & institutional weaknesses. Industry is still working on conventional lines and does not use machines as wire cut, CNC milling and pantographs etc. for die/mold making. As such there is limited innovation and introduction of a few new product designs.

Clusters related to Plastics goods

The origin of plastics industry in Pakistan is traced to early days of creation of Pakistan. It was initiated and progressed in a haphazard manner producing low quality toys and household articles as mugs, plates, cups, and bowls on manually hand molding fly presses. Apparently, Lahore the all important commercial centre fitted as the most suitable location. The period 1965-1975 was notably the turning point, when the use of plastics rose in the country. Presently, 60% of the plastic industry is located in and around Lahore region forming a cluster of 700-800 units. Bottles and container manufacturers account for 50-60 units in this cluster. Other small clusters exist in urban areas of Karachi, Hattar, Gadoon, Faisalabad, Multan and Quetta.

Clusters related to PVC Pipes and Related Products

Plastic/PVC pipes are mainly used for water supply, drainage, conduits and ventilation.. It has 95% penetration in the conduit sector, 65% in tube well sector and 15% and 20% in drainage and water supply sector. The industry has around 400 manufacturing units, mainly SMEs. The installed capacity and the production are estimated at 75,000 metric tons and 45,000 metric tons per year. Two clusters, one each at Lahore (250 units) and Gujrat (25 units) stand out. PVC pipes industry has an obsolete technology base having 75 percent units equipped with locally made single screw-extrusion machines. Rests of the 25 percent units are using twin-screw type refurbished old machinery of 80's vintage, discarded by West European manufacturers. This sector has a desperate need to bring in latest technology, improve quality and seek new applications of the products.

SME Clusters: Sri Lankan Experience

The formation of clusters as a strategy to develop SMEs started in 2001 under the Competitiveness Program funded by the United States Agency for International Development (USAID) under a grant agreement with the Government of Sri Lanka. Under this project an industry cluster consists of members from every part of the business process - from raw material producers to manufactures to traders to retailers dealing directly with consumers. So constituted, the cluster serves as a proxy for value chain of an entire industry rather only the manufacturing part. Working together, members of the cluster learn to appreciate each other's perspectives and needs and arrive at a consensus on strategy and possibilities for more networking- what must be done to drive SMEs

forward. Since 2001 eight industries have stepped forward with commitments to work intensively on issues related to their industry and to create ability to compete in the global market. These eight cluster areas are: Ceramics, Coir, ICT, Jewellery, Tea, Rubber, Spices and Tourism.

Ceramics Cluster

The Ceramics industry in Sri Lanka is composed of three major segments: tableware, (porcelain, stoneware or earthenware); ornamental artware (such as figurines, statuary, and decorations); and ceramic tile (wall tile and floor tile). There are at present approximately 30 ceramic companies in operation, seven of which are large, remaining being SMEs (Dasanayaka and Sardana, 2008). Total industry employment currently stands at approximately 20,000. On the supply side, Sri Lanka does not have large oil and natural gas deposits. It has to import LP gas. Energy costs are therefore relatively high. Certain key raw materials, such as china or ball clays, need to be imported to get the whiteness of porcelain. Overall, the Ceramic industry has reached a stage of stagnation. Ceramic exports have not grown for the last 10 years and the number of people employed in the industry directly and indirectly has remained static. Ceramics is part of fashion industry, where perception creates demand. The industry does not truly understand its ultimate consumer because it has been largely acting as “contract manufacturers”. Lack of brand has created limitations in profitability. The industry has been largely lacking in R & D and technical support. The Industrial Technology Institute (ITI) Center of Excellence together with implementation of joint research programs between the Ceramic Research and Development Centre and University of Moratuwa, are some of the tangible steps being taken by the industry cluster to address the problems.

Coir Cluster

Sri Lanka is the single largest supplier of coir fiber to the world market and together with India accounts for almost 90% of global coir exports. There are essentially four main categories of fiber grades (“Bristle”, “Omat”, “Mixed” and “Mattress”), which are either sold as raw material or processed into value added products such as brooms, brushes, scrapers, and twine, matting, woven and stitched geo-textiles; rubberized coir mattresses, and upholstery. Although Sri Lanka has traditionally been the lead exporter of coir fiber and pith, India holds the dominant position in terms of revenue generated by the industry, given the higher value-added component of its coir exports. Sri Lanka coir industry has also recently seized several competitiveness enhancing opportunities such as moving into coir-based erosion control products (geo-textiles) and high-end twine used in horticulture in North America and Japan. Yet, the industry continues to be threatened by synthetics, stagnating world coir prices and the poor and declining profitability of small mills, which form the basis of the industry. The industry provides part-time employment to an estimated 40,000 persons. At the start of the value chain are approximately 300 fiber millers and an estimated 500 suppliers of coir pith, or dust. The key strategic initiatives needed by the coir cluster are to manage product quality and improving productivity.

Information, Communication and Technology Cluster

The Sri Lankan software industry even though still small has grown quite impressively. Exports, which stood at around \$ 5.0 million in 1996, increased to approximately \$ 58.0 in 2001 and reached \$ 180.0 million at the end of 2006. The software industry believes that Sri Lanka can achieve US\$ 1.0 billion in total ICT related export services by 2012. The ICT Industry Cluster, which has now been formally incorporated as the Sri Lanka ICT Association (SLICTA) is committed to transforming Sri Lanka into a sustainable, world-class center for high-value, rapidly evolving IT services. There are currently over 175 software development companies in Sri Lanka actively involved in the development of software products and provision of services to both the export and domestic markets. Some of the Sri Lankan firms that have made a mark in the international arena are; Millennium Information Technologies, Virtusa Corporation, and Informatics. In addition to that many foreign IT companies are operating in Sri Lanka. The Lanka Software Foundation (LSF), a non-profit organization has been formed to help Sri Lanka exploit the opportunities presented by the open-source world. Sri Lanka's strategy is not to compete on price but on quality and value addition.

Jewellery Cluster

An age-old industry in Sri Lanka, the gem and jewelry industry remains one of the country's largest net foreign exchange earners. The industry's potential for value addition, profitability and employment generation is high but remains untapped to a large extent. Sri Lanka is believed to possess one of the world's largest gemstone repositories, with concentrations of gem mining located in the Central and Southwest regions of the island. However, frequent re-mining together unproductive mining methods have been threatening this resource base for some time. Sri Lanka Gem & Jewelry industry value chain is comprised of miners, heat-treaters, diamond cutters, lapidarists, jewelry manufacturers, brokers and retailers all of whom largely demonstrate insular behavior and function fairly independently of each other. Value adding activities, such as product certification and branding, have primarily been taking place overseas, therefore the financial gains are enjoyed by third parties outside the country. The Sri Lanka Gem and Jewellery Association (SLGJA), was formed through the merger of four trade associations and is now recognized as the main private sector driven apex body. The Gem & Jewelry Cluster, formed through the Competitiveness Program (TCP) now merged with SLGJA, now works as a permanent sub-committee on several strategic initiatives. The SLGJA has over 360 members from around the island. An important item on its agenda is to carry out National Gem Deposit Survey to establish locations, quality and extent of gem deposits and provide the basis for sustainable mining of the resource. Gem Stone Laboratory has been established for certification of gemstones. Gem & Jewellery Institute has been established as a non-profit, private limited company to provide high-end training and services.

Rubber Industry Cluster

The Sri Lanka rubber industry consists of the plantation sector, which grows and harvests latex from trees and converts this latex to processed raw rubbers of different types; and the rubber products manufacturing sector, which converts raw rubber into value added rubber goods. A third sector is emerging- the use of rubber wood as a material resource for manufacturing a wide range of wood based value added products. The plantation sector remains an important component as it is the 'resource base' or the primary competitive advantage of Sri Lanka's rubber industry. Sri Lanka recorded around 229,000 hectares under rubber plantation in the 1960s but currently the land area under rubber is less than 129,000 hectares. Of this area, approximately 65% is less than 20 hectares in size and mostly owned by smallholders. Sri Lanka rubber industry has four trade associations that promote private sector interests. The Plastics and Rubber Institute of Sri Lanka (PRI) is the main powerful lobby related to this industry and it conducts regular diploma courses in rubber and plastics technology. The remaining three include, the Colombo Rubber Traders Association, (CRTA), the Planters' Association of Ceylon (PA), and the Sri Lanka Association of Manufacturers and Exporters of Rubber Products (SLAMERP). The Sri Lanka Society of Rubber Industry (SRI), as the private sector driven apex body has objectives of development of the Rubber Cluster, formed with funded program- The Competitiveness Initiative. Its membership is comprised of the four main trade bodies: PRI, SLAMERP, CRTA and PA. The Sri Lanka's rubber cluster currently focuses on the following two strategic initiatives: consolidation of supply side/expansion of rubber plantations – 40,000 hectares in the Moneragala District, and Improving Marketing Effectiveness- "Lankaprene" Latex Crepe repositioning program.

The Spices Cluster

The growing and processing of spices provides cash income to large rural population. The main spice crops include cinnamon, pepper, cloves, cardamoms, nutmeg and mace. True cinnamon accounts for over 50% of total spice exports. In 2003, the value of Sri Lankan spice exports was equivalent to 1 percent of total national exports, 7.6 percent of agricultural exports, and 50 percent of agricultural exports other than tea, coconuts, and rubber. Smallholders play an important role in the spice value chain where 70% of production comes from smallholder units of less than one hectare of land. There are approximately 400,000 small holder farm units in the country. The highest concentration of pepper and clove cultivation is found in the central hills while cinnamon is grown predominantly in the Southern Province. The Sri Lanka Spice Cluster was formed in 2001 with the assistance of the USAID funded program- The Competitiveness Initiative. The Cluster was formed in response to challenges, both global and local, facing the spice industry in Sri Lanka. Participants include growers, traders, distillers and extractors, exporters, brokers, associations, industrial technology institutes. In 2003 the Spice Cluster formalized itself by incorporating The Spice Council (TSC).

Tea Industry Cluster

Sri Lanka is a world leader in tea exports and is especially strong in the market for traditional teas in the Middle East and CIS. In 2003, tea accounted 13 percent of Sri Lanka's merchandise exports and earned US \$683 million. The tea industry directly and indirectly employs 1 million people in Sri Lanka. Currently 8% of Sri Lanka's tea export value is in the form of tea bags or instant tea products. Sri Lanka is the world's largest tea exporter with a 21 percent global export market share. Sri Lanka competes mainly in the orthodox tea market where it has a 32% market share and is the leading producer. However, 59% of tea exports are still in bulk form, the value of Sri Lanka's tea exports is still subject to commodity-based price swings. The small holder sector, which accounts for roughly 40% share of land under tea cultivation, continues to be more productive than the more traditional plantation sector and produces approximately 60% of tea grown in the country.

International tea marketers have historically positioned Sri Lanka, like other tea producing countries, as a supplier of bulk teas to the world. In the global tea trade, multinational companies tend to dominate in taking the product from producer to consumer. Therefore the Sri Lankan tea industry has an underdeveloped capacity to monitor consumer trends and add value to its product locally. Overall, the industry has been slow to innovate, upgrade, add value, and move closer to consumers with only a few notable exceptions of Sri Lankan-owned brands capturing and sustaining substantial market share overseas. The challenge for Sri Lanka's tea industry is to minimize the impact of price swings on its profit margins by differentiating and adding value to the product locally so as to command more stable world market pricing. The Tea Cluster was originally formed in May 2000 with the assistance of The Competitiveness Initiative to create a unified and holistic approach towards enhancing industry competitiveness. The Tea Cluster is currently implementing its competitiveness strategy through initiatives as Promotion, Brand ownership and Strategic alliances, increasing capacity for research, market intelligence and new product development, technology upgrading, and supply chain integration.

Tourism Cluster

In Sri Lanka, the tourism industry is a mainstay of the nation's economy, its fourth largest source of foreign exchange, and a major employer. However, over the last two decades, international tourist arrivals and tourism receipts in Sri Lanka have been weakening because of the continuing civil conflict and Tsunami devastation. In the past a packaged beach holiday product attracted a low-cost, low-value market segment. Current industry strategy is however focusing on value addition by catering to niche markets and offering specialized products such as Ecotourism, MICE (Meetings, Incentive Travel, Conventions and Exhibitions), Adventure tourism and Ayurveda/Spa tourism. Substantial investment has also been made in recent years on boutique resort hotels

catering to more up-market clientele. The Tourism Cluster was formed by key tourism industry associations in 2000 under The Competitiveness Initiative (TCI). The Cluster was initiated to devise a unified, industry-wide strategy to enhance the competitiveness of the Sri Lanka tourism industry. A broad range of industry stakeholders participated in the Cluster's strategy work, including the Sri Lanka Tourist Board, Universities, Academic experts, community groups, regional tourism associations, and others. Some new initiatives such as Middle East and Asian emerging middle class focus are also underway. Ecotodge initiative is to establish a demonstration model for best practice ecotourism and establish standards for ecolodges in Sri Lanka. Save Energy initiatives aim to promote and encourage energy efficiency in the Sri Lankan hotel sector.

Key Conclusions

The comparative study throws up interesting but significant conclusions. Foremost, successful clusters enjoy locational advantages. An urban area is the most preferred site. For an SME entrepreneur, it provides safety of his home, urban amenities, facilities of schooling to his children, easy transport, efficient information and communication. Urban locations have strong economic dimensions as well. Such locations provide easy access to markets, strong infrastructure, access to producer services, and the ability to hire and retain knowledge workers. Urban areas are not necessarily the metropolitan areas with large population. Yusuf (2008) explains that these are also the cities which have acquired strong economic momentum by combining economic legacies and resource endowment with good policies. Furthermore, the new successful clusters are emerging near the core cities, as the core cities do not offer space for expansion or start of new units. Secondly, growth and long term survival of an SME is essentially related to its ability to innovate. It is not within the capability of the small scale to organize an independent R&D. Perforce it has to depend on research institutions or other knowledge bodies. It is here that the role of the government and public bodies plays an important role. SME clusters survive if there is a nearby provision of Universities, research institutions, technical schools. IT sector in Sri Lanka has grown for a simple reason that it is supported by engineers graduating every year from Sri Lanka's Technical and Engineering Colleges. Pakistan has lacked in this direction even in such areas, as Leather products, Textiles where it enjoyed superiority of available raw materials, but could not provide latest technology and innovation to its SMEs clusters.

Thirdly, there is only a limited success of SME clusters which can be traced to fiscal subsidies, land benefits as offered by the local bodies/regional government/central government to set up the cluster in remote specified under-developed areas. Only such of the clusters have reported success which came up in remote areas because of anchoring support provided by large undertakings. A cluster in an urban area location outweighs all such types of benefits.

Fourthly, there is only an inadequate role played by the governments in both countries to promote the SME clusters. The political leadership in both countries has shown keenness to seek presence of large multinational or local large organizations through direct foreign investments or fiscal and monetary encouragements. Special Economic Zones (SEZ), as in case of Sri Lanka, have attracted large firms. The potential of the SMEs has remained unleashed. Lastly, both countries have a common malaise of non-availability of data on the working of the clusters. But however compared with Sri Lanka SMEs cluster and networking achievements, Pakistan is a well ahead of this concept. This is evidenced by such observations by global agencies as UNIDO and ILO in their studies..

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The Price of Success

The upward mobility of the knowledge society, however, comes at a high price: the psychological pressures and emotional traumas of the rat race. There can be winners only if there are losers. This was not true of earlier societies. The son of the landless laborer who became a landless laborer himself was not a failure. In the knowledge society, however, he is not only a personal failure but a failure of society as well.

P.F. Drucker: *Managing in the Next Society*, pp. 262

Case Study**Factors Affecting Business Success of Small and Medium Enterprises (SME_s) in Bangladesh****Muhammad Aminul Islam**

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ABSTRACT

This study examines determinants for small business success in Bangla Desh. These include: characteristic of SMEs, their management and know-how, products and services, style of doing business, financial and other resources and external environment. Such study has not been conducted before in the context of Bangla Desh. Findings of the study are useful for entrepreneurs and policy makers. Study is based on survey methodology through a questionnaire administered on the employees of small firms. Data is analyzed using SPSS. Six hypotheses are proposed and tested. Most significant factors affecting business success of SMEs in Bangladesh were found to be products and services, the way of doing business, management know-how and, external environment. This study has implications for entrepreneurs and policy makers.

Key Words: Business Success, SMEs, Bangladesh

1.0 INTRODUCTION

Research into small and medium sized enterprises (SMEs) has grown strikingly during the last decade. This intense attention in the backdrop of the failure of various structural and trade policy reforms to stimulate any significant response from the private sector is remarkable, and seems to suggest that liberalization measures must be supplemented by proactive policies to attain the desired goal (Bhattacharya, 2002). A huge majority of firms worldwide are SMEs, and they play a significant role in the economy. There is a broad consensus that a vibrant SME sector is one of the principal driving forces in the development of a market economy (Kazmil and Farooque, 2000). Small businesses can enable rapid industrialization and accelerated economic growth. Recent literature from all parts of the world suggests importance of SMEs in the overall performance of economy, including USA (Audretsch, 1998), Japan (Urata and Kawai, 1998), East Asia (Berry and Mazumdar, 1991), and Africa (Morissette et al., 1996). SMEs play an important role in economic structure and performance (Berry, 1997). In spite of the recognition of their importance, performance of SMEs has always fallen short of expectations (Arinaitwe, 2006). One of the reasons is that they cannot compete in technology with medium or large scale business (Rana et al., 2003).

SMEs stimulate private ownership and entrepreneurial skills, are flexible and can adapt quickly to changing market demand and supply situations, generate employment, help diversify economic activity, and make a significant contribution to exports and trade. Even in the developed market economies SMEs account for a large share in output and employment

(UNECE, 2003). Bangladesh has thus far failed to maximize the benefits derived from the SME sector, which promises and needs to play a pivotal role in promoting and sustaining the industrial as well as overall economic growth (Ahmed M. U., 2003). The failure can be attributed to various reforms and trade liberalization measures that have squeezed the sphere of Government's activity in business. Consequently, the private sector has to lead the economy in a dynamic growth path. Most of the previous studies dealing with the conditions of successful business have focused on large companies rather than SMEs (i.e., Ghosh and Kwan, 1996; Kauranen, 1996 and Pelham, 2000). However, changes in the environment cause more uncertainty in SMEs than in large companies. Their resources for acquiring information about the market and changing the course of the enterprise are more limited. The response to environmental changes is different in SMEs than in large companies. Large firms may even exit from one of its business areas, but this is not usually possible in a single-business firm. The options for responding are limited by the firms' resources and strategic choices as well as by the opportunities offered by the industry and location. Those ways may also differ between the development stages of the firm. SMEs have long been believed to be important in supporting economic development within a country (Mazzarol, Volery, Doss, & Thein, 1999). One of the important roles of SMEs in this context includes poverty alleviation through job creation. Thai SMEs are increasingly seen as creator of new jobs (Swierczek & Ha, 2003) and Vietnamese SMEs employ 64% of industrial workforce. Therefore findings on SMEs in Bangladesh will help the policymakers in Bangladesh particularly and will also help other developing countries to formulate strategies to strengthen and stabilize SMEs operations in respective countries.

2.0 LITERATURE REVIEW

The word enterprise has been used in a range of contexts and meanings (Bridge, O'Neill & Cromie 2003). Salminen (2000) describes an enterprise as a controlled system consisting of a detector, a selector and an effector. The detector is the function by which a system acquires information about its environment, which is then used as the basis of the selection of a behavioral response by the selector. Finally, the behavior is executed by the effector. The measurement system of an enterprise gathers information about the changes in both the environment and the performance of the enterprise. This information is then used together with the values and the preferences of the enterprise and its management to produce decisions about the required actions. As a result, the outputs of the enterprise – the products, the services, the operational performance and the financial performance - are changed.

Firm performance refers to the firm's success in the market, which may have different outcomes. Firm performance is a focal phenomenon in business studies. However, it is also a complex and multidimensional phenomenon. Performance can be characterized as the firm's ability to create acceptable outcomes and actions.

Success, in general, relates to the achievement of goals and objectives in whatever sector of human life. In business life, success is a key term in the field of management, although it is not always explicitly stated. Success and failure can be interpreted as measures of good or indifferent management. In business studies, the concept of success is often used to refer to a firm's financial performance. However, there is no universally accepted definition of success, and business success has been interpreted in many ways (Foley & Green 1989).

There are at least two important dimensions of success: 1) financial vs. other success; and 2) short- vs. long-term success. Hence, success can have different forms, e.g. survival, profit; return on investment, sales growth, number of employed, happiness, reputation, and so on. In other words, success can be seen to have different meanings by different people. In spite of these differences, people generally seem to have a similar idea of the phenomenon, i.e. of what kind of business is successful.

2.1 Contribution of SMEs in the National Economy of Bangladesh

Any precise quantitative estimate of the importance of SMEs in Bangladesh economy is precluded by non-availability of comprehensive statistical information about these industries at the national level. BSCIC estimates suggest that there are currently 55,916 small industries and 511,612 cottage industries excluding handlooms. Including handlooms, the number of cottage units shoots up to 600,000 units indicating numerical abundance of small and cottage industries (SCIs) in Bangladesh. The most recent private sector survey estimates the contribution of the micro, small, and medium enterprises (MSMEs) is 20-25% of GDP. Quoting informal Planning Commission estimates, the SEDF puts the number of medium enterprises (undefined) to be around 20,000 and that of SCIs to be between 100,000 to 150,000. This wide variation in the BSCIC and Planning Commission estimates of the number of SMEs might be due to at least two reasons: (a) different definitions of SMEs and (b) different coverage of SME families. There is an urgent need for adopting and using a uniform set of definitions for SMEs by all government agencies to help formulation of pro-active SME promotion policies. Regardless of the correct magnitude, SMEs undoubtedly play a very important role in the economy of Bangladesh in terms of output, employment, and private sector activities (Ahmed, 2003). They are quite predominant in the industrial structure of Bangladesh comprising over 90% of all industrial units. Together, the various categories of SMEs are reported to contribute between 80-85% of industrial employment and 23% of total civilian employment (SEDF, 2003). However, serious controversies surround their relative contribution to Bangladesh's industrial output due to paucity of reliable information and different methods used to estimate the magnitude. The most commonly quoted figure by different sources (ADB, World Bank, Planning Commission and BIDS) relating to value added contributions of the SMEs is seen to vary between 45-50% of the total manufacturing value added.

A significant proportion of SME activities may be in the informal sector, for which there is no dependable information. Besides, the survey estimates SME contribution based on an approach that requires the use of data on profits earned by enterprises. However, it is very difficult to gather and measure profits of establishments. Therefore, the aforementioned contribution of SMEs may be underestimated. Further discussions on the role of SMEs in Bangladesh's economy can be found in (Ahmed, M.U., (2003). The robustness of SME contributions to employment generation is a common phenomenon in most developing countries in that the magnitude varies between 70% to 95% in Africa and 40% to 70% in the countries of the Asia-Pacific region (Ahmed, M.U., 1999). While SMEs are characteristically highly diverse and heterogeneous, their traditional dominance is in a few industrial sub-sectors such as food, textiles and light engineering and wood, cane and bamboo products. According to SEDF sources quoted from ADB (2003), food and textile units including garments account for over 60% of the registered SMEs. Various recent studies (Ahmed, M.U. 2001, ADB 2001, USAID 2001) show that SMEs have undergone significant structural

changes in terms of product composition, degree of capitalization and market penetration in order to adjust to changes in technology, market demand and market access brought by globalization and market liberalization.

2.2 Structural Transformation and growth of SMEs in Bangladesh

In terms of number of establishment, the SME sub-sector has exhibited notable dynamism. Table 1 presents the trend of SME sector growth. Available evidence (Ahmed M.U. et. al., 1992) suggests that 60% of new industrial enterprises during 1980s were SMEs.

Table 1: Growth of SSIs sector (Excluding Handlooms) in Bangladesh

Year	No. of Units		Employment		Value Added (Tk.) Small and Cottage Combined
	Small	Cottage	Small	Cottage	
1981	24,590	321,743	322,110	855,200	17,987
1991	38,294	405,476	523,472	1,331,032	21,154
2001	55,916	511,621	808,959	1,166,724	29,323
Average Annual Growth Rate	6.4%	3.0%	7.6%	4.7%	3.2%

Source: Ahmad, M. U., 2001.

Growth in SME employment seems to have been even better during the same period. The dismal performance in value added growth is explained by the weak and faulty database used by the Bangladesh Bureau of Statistics (BBS) to estimate the parameters (Bakht 2001). Indeed, when revised estimates of value addition in the SMEs are made using the new system of national accounts, the annual compound rate of growth of value added by the SME sector not only shoots up to 7.7% per annum during 1989/90 and 1994/95, it exceeds that of the large-scale industries during most of the 1990s.

Broadly four industry categories (food and allied products, textiles and apparels, and engineering and fabricated metal products) currently dominate the SME sector in Bangladesh. In recent years, other industries which have grown in importance in the SME sector are light engineering, readymade garments, printing and publishing, wood and wood products, plastic products, electrical goods, electronics, artificial jewelry, wooden and steel furniture, television and radio assembling and soaps and detergents. The growth in new sectors is reflective of a structural change taking place in the SME sector from traditional to relatively modern product categories, perhaps with higher capitalization and use of better production techniques. Summarizing the findings of various major studies the SEDF lists the following important positive changes taking place in the situation of the SMEs in Bangladesh: SMEs have diversified their activities, entry and exit into the sector has become easier, the RMG industry has contributed significantly to SME development by providing them with orders for accessories and packaging materials, the development of the footwear industry has increased subcontracts to SMEs, small-scale entrepreneurship has grown significantly in agro-processing in general and in poultry in particular.

2.3 Factors Affecting Business Success in SMEs

There is considerable variation in the criteria for success used in previous studies. Empirical studies of factors affecting SME success can be roughly divided into two groups according to whether they focus on a quite limited set of variables or try to capture more holistic profiles of successful SMEs. Previous empirical research has used both surveys and case studies. There are also some compilations of the results of previous studies of the factors contributing to firm success. For instance, Storey (2000) has compiled the results of previous studies focused on the birth, growth and death of small firms, on the basis of which he presents some normative “dos and don’ts” lessons for small firms.

The following recent studies based on surveys have dealt with the factors affecting SME success. Nurul Indarti and Marja Langenberg (2005) identified key components to be important in analyzing the business success of SMEs which includes the characteristics of the entrepreneurs; the characteristics of the SMEs; and the contextual elements of SME development. Westhead (1995) studied factors influencing the survival of 227 high-technology small firms. Ghosh and Kwan (1996) made a cross national inter-sectoral study of the key success factors of 152 SMEs in Singapore and 164 SMEs in Australia. Kauranen (1996) carried out a follow-up study of 37 new manufacturing firms in Finland and studied the determinants of the future success of the firm in the short term and in the long term. Yusuf (1995) explored critical success factors for small firms in several industry sectors based on the perceptions of 220 South Pacific entrepreneurs. Wijewardena and Cooray (1996) explored the importance of a set of success factors by studying a sample of 300 small manufacturing firms in Japan. Gadenne (1998) investigated the effect of various management practices on small firm performance by studying 369 small businesses in the retail, service, and manufacturing industry in Australia. Bracker and Pearson (1986) studied planning and financial performance of small mature firms in the dry cleaning business. Baker et al. (1993) studied planning in successful high-growth small firms. Pelham (2000) explored the relationship between market orientation and the performance of manufacturing SMEs in eight industry sectors.

Based on the findings of earlier research, the factors affecting SME business success were classified into the following categories: (1) an entrepreneur Characteristics (Kristiansen, Furuholt, & Wahid, 2003; and Rutherford & Oswald, 2000), (2) characteristic of SME (Kristiansen, Furuholt, & Wahid; 2003), (3) management and know-how (Swierczek & Ha, 2003), (4) products and services (Wiklund 1998; and Hitt & Ireland 2000). (5) Customers and markets (William, James, & Susan; 2005), (6) the way of doing business and cooperation (Hitt & Ireland 2000; and Jarillo 1988). (7) Resources and finance (Swierczek & Ha, 2003; and Kristiansen, Furuholt & Wahid, 2003). (8) strategy (McMahon, 2001), (9) external environment (Huggins, 2000; and Nurul Indarti & Marja Langenberg, 2005); and (10) internet (Henriette Hesselmann, Comcare, and Peter Bangs; 2002). However only 6 factors namely Characteristics of SMEs, Management and know-how, Products and Services, The Way of Doing Business and Cooperation, Resources and Finance and External Environment were considered for the theoretical framework of this study based on suitability with Bangladeshi context. Therefore, Business success is the dependent variable and independent variables are: characteristic of entrepreneur and SMEs, management and know-how, products and services, the way of doing business and cooperation, resources and finance, and external environment.

3.0 RESEARCH METHODOLOGY

A sample of 300 employees from SMEs located in the Dhaka, Narayangonj, Khulna and Chittagong were chosen for the purpose of this study. This geographical area has been chosen as they represent a large number of SMEs in Bangladesh. The population frame was drawn from the list obtained from the Bangladesh Small and Cottage Industries Corporation (BSCIC). Respondents represent the four broad categories of SMEs namely; food and allied products, textiles and apparels, engineering, and fabricated metal products. Each SME represented with one respondent only. The questionnaires were distributed based on the sample ratio scale down statistics to ensure it is able to represent the sample population obtained from the BSCIC. Data collection was accomplished by mail and personal delivery. The sampled companies were contacted in advance by telephone. The population of the study consisted of front-line employees and middle management levels of SMEs in those areas mentioned earlier. A self-designed questionnaire was used to gather the research data. The questionnaire consisted of three parts. The first part comprised of demographic, characteristic, and profile information of the respondents. The respondents were asked to rank statements on contextual condition related to each success factor faced by the respondents in the second part. This part consisted of 45 questions which were intended to measure factors of business success, using 5-point Likert scale anchored by strongly agree to strongly disagree. The factors were characteristic of SMEs, management and know-how, products and services, the way of doing business and cooperation, resources and finance, strategy, management know how; and external environment. In the third part, the respondents were asked to score the importance of perceived of business success. Five-point Likert scale anchored by strongly agree and strongly disagree were applied to measure the perceived success. A total 300 sets of questionnaires were distributed among managers of SMEs, only 95 participants were responded. A total of 95 were received and 89 were selected to ensure sampling match the ratio of percentage of working gender, age group, and level of management they are involved.

From the above theoretical framework, the following hypotheses were derived:

- H1 There is a positive relationship between firm characteristics and business success in SMEs.
- H2 There is a positive relationship between management know-how and business success in SMEs.
- H3 There is a positive relationship between products & services and business success in SMEs.
- H4 There is a positive relationship between the way of doing business, cooperation and business success in SMEs.
- H5 There is a positive relationship between resources & finance and business success in SMEs.
- H6 There is a positive relationship between external environment and business success in SMEs.

4.0 SURVEY RESULTS

A total 300 sets of questionnaires were distributed to selected respondents, only 95 questionnaires were collected back; the response rate is 31.46% (i.e. 95/302).

However only 89 questionnaires were used for analysis, three questionnaires were rejected due to the respondents were not from the management level.

Descriptive analysis shows that out of 89 respondents, there were more male than female respondents. The results show that 82% of the respondents are male and the remaining 18% are female. Table 2 presents the demographic characteristics of respondents.

Variables	Categories	Frequency	Percentage (%)
Gender	Male	73	82
	Female	16	18
Age	< 21	0	0
	21 - 30	21	23.6
	31 - 40	44	49.4
	41 - 50	21	23.6
	Above 50 years old	3	3.4
Education Level	Primary School	0	0
	Secondary School	5	5.6
	Certificate/Diploma	20	22.5
	Bachelor's Degree	40	44.9
	Master's Degree	24	27
	PhD/DBA	0	0
Working Experience	< 2 years	2	2.2
	2 – 5 years	10	11.2
	6 – 10 years	27	32.6
	10 – 20 years	33	37.1
	> 20 years	15	16.9
Duration of Organization Operate	< 5 years	18	20.2
	5 – 10 years	21	23.6
	10 – 15 years	17	19.1
	15 – 20 years	7	7.9
	> 20 years	26	29.2
Sectors	Food and Allied Products	19	21.3
	Textiles and Apparels	29	32.6
	Engineering	24	26.9
	Fabricated metal Products	17	19.1

Table 2: Demographic Characteristics of Respondents

The majority of respondents, a total of 44 (49.4%) were aged between 31 to 40 years old, 23.6% each (21 each) were aged between 21 to 30 and 41 to 50 years old, 3.4% (3) were above 50 years old, and 0% of respondents were from age less than 20 years old. There are zero respondent from Primary School, 5 (5.6%) were from Secondary School, 20 (22.5%) were from Certificate/Diploma, 40 (44.9%) were from Bachelor's Degree, 24 (27%) were from Master's Degree, and no respondent from PhD/DBA. Two respondents having working experience less than 2 years (2.2%), 10 (11.2%) respondents between 2 to 5 years,

29 (32.6%) respondents were between 6 to 10 years, 33 (37.1%) respondents were between 10 to 20 years, and 15 (16.9%) respondents were more than 20 years. On the other hand for the Duration of Organization Operated, 18 (20.2%) were less than 5 years, 21 (23.6%) were between 5 to 10 years, 17 (19.1%) were between 10 to 15 years, 7 (7.9%) were between 15 to 20 years, and 26 (29.2%) were more than 20 years. Finally textiles and apparels have the highest number of respondents (32.6%), followed by engineering (26.9%).

Reliability analysis was used to measure both consistency and internal stability of data. Table 3 presents the results of reliability analysis.

<i>Variables</i>	<i>Number of Items</i>	<i>Items Dropped</i>	<i>Cronbach's Alpha</i>
SMEs Characteristic	5	-	0.864
Management and Know-How	5	-	0.821
Products and Services	5	-	0.896
The Way of doing Business & Cooperation	5	-	0.802
Resources and Finance	4	-	0.797
External Environment	6	-	0.769
Perceived of Business Success	8	-	0.911

Table 3: Results of Reliability Analysis

The Cronbach's Alpha measuring the inter-item consistency and reliability measure the coefficient that reflects how well items in a set are positively correlated to one another. Cronbach's Alpha that are less than 0.6 are generally considered to be poor, those in the 0.7 range to be acceptable, and those over 0.8 to be good; the closer the reliability coefficient gets to 1.0, the better. Cronbach's Alpha for six independent variables and the dependent variable were above .70. Therefore data that were collected for this research were considered to be internally stable and consistent.

4.1 Factors Affecting Business Success of SMEs

Multiple Regression Analysis was used to determine whether the six independent variables, which are SMEs characteristic, management and know-how, products and services, the way of doing business and cooperation, resources and finance, management know how; and external environment, have any significant effect toward Business Success of SMEs in Bangladesh. The results are shown in Table 4.

The findings of the study revealed that products and Services, management know-how, the way of doing Business & Cooperation, and External Environment have significant positive effect on the Business Success of SMEs in Bangladesh. Characteristics of SMEs, and, resources and finance were found to have no significant effect on the Business Success of SMEs in Bangladesh.

Factors	Beta	T-Ratio	Sig. t
SMEs Characteristic	0.046	0.312	0.756
Management and Know-How	0.218	1.561	0.048
Products and Services	0.265	1.955	0.033
The Way of doing Business & Cooperation	0.227	1.630	0.039
Resources and Finance	0.051	0.559	0.578
External Environment	0.288	2.265	0.019

R square = 0.523
 Durbin-Watson = 1.545
 F = 15.561
 Sig. F = 0.000
 Condition Index = 41.042

Table 4: Results of Regression Analysis on the Business Success of SMEs

The overall results of the regression analysis shows that this model is well constructed and it is well represented as reflected in the variables selected. Table 4, the summary table on regression analysis indicated that the R-square is 52.3 percent. This means that the seven variables which include SMEs characteristic, management and know-how, products and services, the way of doing business and cooperation, resources and finance, and external environment can explain 52.3 percent variations in the business success of SMEs in Bangladesh.

The Durbin-Watson statistic shows that the serial correlation of residuals is 1.545, the value falls within the acceptance range (1.5 to 2.5). This means that there is no auto correlation problem in the data. The Condition Index, Variance Inflation Factors (VIF) and tolerance all fall within the acceptance range (Condition index = 30.083, VIF = 1 - 10, tolerance = 0.1 – 1.0). This means that there is no multi-collinearity problem in the regression model used for this study. The histogram indicates that data used in this study is normally distributed and F-value is found to be significant at 1% significance level (sig. F = .000). This concludes that the regression model used in this study is adequate or in other words, the model was fit.

4.2 Effect of Demographic Factors toward Business Success of SMEs

One-Way ANOVA was used to find out whether age, education level, working experience and duration of organization operated have any significant effect on business success in SMEs. This technique examined the variability of the observation within each group as well as the availability between the group means. Therefore, it was conducted to find out whether the various groups are different in respect of business success. The results of the analysis show that only one of the demographic factors which are duration of organization operated has significant effect toward business success of SMEs. Duncan statistics shows that SMEs that are operated longer period have been more successful in compare to those have been in operation in a shorter period. In addition to this independent sample t-test was used find out whether gender plays any significant role in business success and found out that gender does play any role in Business Success of SMEs in Bangladesh.

5.0 DISCUSSION

The purpose of this study was to identify the factors affecting the business success in small and medium sized enterprises in Bangladesh. A major implication for the findings is that these findings will be able to give better understanding for entrepreneurs and business owners in addressing the factors which will significantly affect the business success in SME. The study of the factors affecting business success of SMEs is critical in understanding the business continuity and growth hence help supporting economic development within a country. The results of this study can also be used as reference for anyone who is interested to start their own business which will provide insights into decision making in starting a business and also for any companies which are interested to continue to sustain and grow.

To achieve business success, many factors should be optimal simultaneously, since SMEs success is a multidimensional phenomenon. Both firm-internal and firm-external factors affect firm success. Entrepreneurs in successful SMEs and those in failed SMEs thought that pretty much the same factors are the most important for business success, and held the same views on the factors to be avoided in business. The research has looked into characteristic of SMEs, management and know-how, products and services, the way of doing business and cooperation, resources and finance, and external environment.

The results show that products and services played an important role in ensuring the SMEs business success in Bangladesh. Innovative product, quality, cost, reliability, and services are the key strategic dimension in business success. Innovative product gives added value to the customer and it is important to achieve a suitable balance between product quality and costs. Small-business owners must have a missionary zeal about their products or services, be willing to be personally involved in it, be willing to stick with the business, be able to define the market clearly and pay attention to details and pro-activeness. Beside that, companies must compete based on their strength and specialization which is classified as cost leadership, differentiation, and focus (Michael Porter, 1985). Cost leadership-based companies have tight controls on their operational costs, have efficient production, are volume producers or focused on tonnage. Differentiation described companies which offer differences in their product or services. They tend to put brands as a market capture, have high service levels, unique distribution and non-standard terms of business. Lastly, focused companies are companies concentrating on a particular buyer, group, geographic area or segment of the product line. Continual improvement in quality, cost, delivery lead time, customer service and flexibility are part of the package to become world class. Innovators with continuous growth should pay special attention to their research and development, and the ability to maintain their innovativeness.

External environment factors play a very important role as well for firm success. Social network, government support, and legality, are the key strategic dimensions in external environment for business success. Networks represent a means for entrepreneurs to reduce risks and transaction costs and also to improve access to business ideas, knowledge and capital. A social network consists of a series of formal and informal ties between the central actor and other actors in a circle of acquaintances and represents channels through which entrepreneurs get access to the necessary resources for business

start-up, growth and success (Kristiansen, 2003). In developing areas, satisfactory government support has been shown to be important for small firm success (Yusuf 1995). In many cases,

dealing with legal aspects has forced the SMEs to allocate significant amount of financial resources due to bribery practices. Legal aspect is often also used in selection operating decision in order to ensure future business success (Mazzarol & Choo, 2003).

Business success is usually the outcome of the way of doing business and cooperation. Interfirm cooperation, consultation, performance measurement, and flexibility may play an important role in business success. Inter-firm cooperation contributes positively to gaining organizational legitimacy and to developing a desirable marketplace reputation. Cooperation also may enable the small firm to improve its strategic position, focus on its core business, enter international markets, reduce transaction costs, learn new skills, and cope positively with rapid technological changes. Successful firms were likely to spend more time communicating with partners, customers, suppliers, and employees. Use of outside professionals and advisors, and the advice and information provided by customers and suppliers is also important for business success. Networking seems to be important both between and within firms. The proportion of SMEs led by an entrepreneurial team was high among successful SMEs and low among failed SMEs, so fostering the formation of entrepreneurial teams in starting up businesses is recommended

A huge proportion of successful SMEs are led by men. However, there seems to be no association between the gender of an entrepreneur and SME success. Also, SMEs led by women are rarely growth seeking. From this point of view, it could be expected that women have underutilized growth potential. On one hand, women should be encouraged to become entrepreneurs, and on the other hand female entrepreneurs should be encouraged to expand their firms. However age of firm has a significant effect on the business success in SMEs; the longer the organization operates the more successful they are.

Early review indicates that SMEs play a vital role in the nation's economy and wellbeing. The largest concentration of SMEs, in terms of numbers, can be found in the textile and apparel sector, followed by food and beverages, and metals and metal products. Despite these governmental programs SMEs still face many challenges, domestic and external, which could hinder their resilience and competitiveness. They include: i) Ongoing difficulties in obtaining funds from financial institutions and the government. Usually the interest charges by financial institutions on loans borrowed by SMEs are high, and this is compounded by a lack of financial transparency by SMEs, ii) A lack of human capital is the most significant challenge facing SMEs. It is often too expensive for SMEs to employ a professional and competent workforce, iii) A high level of bureaucracy in government agencies hinders efficient SME business development operations, iv) A low level of research and development expenditure and v) A substantial orientation towards the domestic rather than international market place.

Having identified some of the challenges facing SMEs in Bangladesh, some strategies are recommended that the government, and its agencies responsible for SMEs (such as BSCIC among many others), and SMEs themselves may adopt. The government should play a leading role in educating SME practitioners on the incentives available to them and how to access them. These incentives should be delivered through an establishment that really cares for the success and sustainability of SMEs in the country.

Delivering government incentives through many channels, including profit making

businesses such as commercial banks, creates confusion among SMEs and opens up the opportunity of a third party (for example a consultant or agent) to gain undue advantage by acting as a mediator between SMEs and the government. This makes access to such incentives cumbersome and expensive for small businesses. The government, therefore, should avoid delivering incentives through too many agencies (especially for-profit making ones), and also dismantle the bureaucratic procedures that cause inefficiency in government initiatives and projects. The government should increase the number of centers that offer consultancy and expert services to SMEs, and engage more experts in different areas (for example IT, financial planning, marketing planning etc). It should ensure that SMEs get these incentives at a lower cost and in a more effective way. The efficiency and effectiveness of the delivery system of incentives are vital to their utilization.

Regarding poor access to finance, the government should allocate more funds and delivered it through its agencies. There are numerous complaints by SMEs regarding the tough qualification criteria for accessing these funds and the bureaucracy in SME related agencies. Besides difficulties in meeting the requirement for these funds, SMEs also have difficulties because of transparency issues. On the other hand, SMEs in Bangladesh should not totally rely on government agencies; they should attempt to find their own path of progress by relying on strategies which allow them to access new markets, increase their revenue and expand their customer base. SMEs should always invest in market research, R&D, and innovation in order to increase their competitiveness. By embarking on market intelligence they will be better able to understand the needs and wants in the marketplace. Such an understanding will assist in delivering superior value to customers compared to their competitors. This in turn will increase customer retention rates.

Third, “Small is beautiful” the saying goes. SMEs should therefore leverage the advantages of being small by deploying the relationship marketing strategy. The relatively small customer base of SMEs makes them more suitable for long-term customer relationships. By establishing long-term relationships with customers they are able to build customer loyalty and in turn reduce the cost of operation. Lastly, another strategy SMEs should consider is counter-trade. Counter-trade, or reciprocal trade, can assist SMEs in overcoming capital shortages, especially when they contemplate going overseas. A counter-trade strategy can also be used to access closed foreign markets besides allowing for transfer of technology and technological know-how from advanced countries to SMEs in developing nations like Bangladesh.

6.0 CONCLUSION

We attempted to find out the most significant factors that affect the Business Success of SMEs in Bangladesh and found out that product and services, external environment, and management know-how are the most significant determinants of Business Success of SMEs in Bangladesh. Products and Services hypothesis accepted as innovative and high quality of product gives added value to SMEs customer in Bangladesh. Most of the Bangladesh SMEs adopted Porter’s Generic Strategies by Michael Porter; they are cost leadership, differentiation, and focus. To ensure Bangladeshi SMEs can continue to be successful they need to ensure good products and services delivered to customer continuously. External Environment hypothesis accepted as social network help entrepreneurs in Bangladesh to reduce risks and transaction

costs, improve access to business ideas, knowledge and capital. Government support is vital to foster SMEs development and legal aspect is used in selection operating decision in order to ensure SMEs future business success. Hence, Bangladeshi SMEs should ensure they have built a strong social network and good government relationship in order to ensure their business success. The way of doing business and cooperation hypothesis accepted as inter-firm cooperation contributes positively to gaining organizational legitimacy and to developing a desirable marketplace reputation, and enables the small firm to improve its strategic position, focus on its core business, enter international markets, reduce transaction costs, learn new skills, and cope positively with rapid technological changes. Besides that, use of outside professionals and advisors should continue to be practiced by Bangladeshi SMEs. It is suggested that future researchers should increase the sample size and explore into agro-based SMEs.

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Case Study

Role of Positive Experiences in Teachers' Reflective Engagement: A Case Study of Three Individual Teachers

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ABSTRACT

This small-scale exploratory study examined how positive experiences influence teachers' reflective engagement. Previous research suggests that positive emotions signal personal well-being, influence further learning and lead to an increase in thinking. However, there is a need to further investigate the role of positive emotions in the realm of teachers' reflective engagement. There are very few researches that investigate how positive experiences affect teachers' perceptions of their teaching practices and their functioning. Three teachers' reflections focussing on positive experiences were qualitatively analysed to explore instances of positive emotions. The results indicate that positive emotions reaffirm self-concepts of teaching, banish negative feelings, and encourage high work engagement and deeper understanding among the teachers. The findings shed light on the role of positive emotions in positive psychology and also hold implications for methods of writing reflections in teacher education.

Keywords: Positive experiences, positive emotions, reflective engagement, positive psychology, teacher education.

INTRODUCTION

Positive psychology is the scientific study of "optimal human functioning... it is about understanding the wellsprings, processes and mechanisms that lead to desirable outcomes" (Linley, Joseph, Harrington & Wood, 2006, pp. 5; in Coetzee & Viviers, 2007). Research suggests that our emotions, both positive and negative, affect the way we behave (Janssen, de Hullu & Tigelaar, 2008).

Fredrickson (2001) has developed the broaden-and-build theory of positive emotions to explain how positive affective experiences contribute to personal growth. The theory posits that positive emotions are "vehicles of individual growth" (pp. 224) and have "the ability to broaden people's thought-action repertoires and build their enduring personal resources, ranging from physical and intellectual resources to social and psychological resources" (pp. 219). It also suggests that negative emotions such as anxiety or anger narrow peoples' momentary thought-action repertoire, so that they are ready to act in a particular self-protective way. Moreover, the theory also sheds light on the enduring effects of positive emotions saying that "positive emotions, although fleeting, also have more long-lasting consequences" (pp. 224).

Positive emotions “signal personal well-being, influence further learning and lead to an increase in thinking whereas negative emotions lead to a narrowing of the mind and a reduced problem-solving ability” (Fredrickson, 2002; Isen, 1987; in Janssen, de Hullu & Tigelaar, 2008, pp. 118). Research also suggests that positive emotions enhance problem solving (Chuang, 2007). “Positive affect appears to promote more connection and integration of stimuli. Subjects induced to be in good moods generate a broader range of associations with common words, recall longer lists of words that are related to one another, and are more likely to solve problems that require seeing a broader set of potential relationships among the elements composing an issue” (Isen & Daubman, 1984; Isen et al, 1985; Isen et al, 1987; in Staw, Sutton & Pelled, 1994, pp. 54).

In the light of these theories, the present study was undertaken to investigate how positive emotions influence reflective engagement of teachers. Reflective engagement “involves a deliberate and intentional act of interrupting, or suspending, one’s teaching practices to interrogate or inquire into them systematically and to heighten one’s conscious awareness of one’s practices and of one’s students and then using that consciousness to redirect one’s practice and actually acting to change” (Lyons, 2006, pp. 166). Researchers have argued that educational reformers who pay too little attention to the emotions of teaching actually ignore the foundation of teaching (Hargreaves, 1997; van den Berg, 2002). Sutton and Wheatley (2003) concluded that there is “surprisingly little recent research about the emotional aspects of teachers’ lives” (pp. 327). Hence the importance of studying emotions of teachers cannot be over-emphasised.

Janssen, de Hullu & Tigelaar (2008) carried out a contrastive analysis of reflections on positive and negative teaching experiences and found that positive experiences lead to more innovative resolutions, a higher motivation to implement these resolutions and more positive emotions. Since the present study borrows the framework for data analysis from their study, a brief overview of its methodology is presented in the following paragraphs.

Sixteen student-teachers interviewed each other in dyads using worksheets with questions and taking turns being interviewer and interviewee. Each student reflected on two problematic and two positive teaching experiences, all of which concerned the way pupils dealt with the content of the lesson. After formulating their resolutions for each experience, students were asked to rate their emotions with either + (present) or – (absent) based on a list of emotions taken from personality research based on valuation theory (Hermans & Hermans-Janssen, 1995). Subsequently, after putting together all their resolutions, the students were asked to indicate their motivation for implementing these resolutions. Furthermore, students were requested to prioritize their resolutions in the order of which they were actually motivated to implement them in a classroom situation. These resolutions were categorized according to their content using a cyclical process of categorization (cf. Straus, 1987), generating a system of categories covering most of the resolutions. The initial analysis was performed independently by the first

and second authors, and the labelling was compared. When categorizations did not match, these were discussed. In all matters, agreement could easily be reached. The few resolutions, which we were not able to fit into a category, were labelled as a separate category 'other'.

The researchers found that positive experiences led to high motivation. The reason for this, researchers suggest, is that when student-teachers reflect on positive experiences, they discover things that they both can do and which they value. On the other hand, when they are reflecting on problematic experiences they are reflecting upon situations they don't want to happen again and they can't do well. This makes it difficult for them to envisage a decision, which allows them to achieve what they want. This causes them to turn to a tried-and-tested or "conservative" approach which avoids the difficult situation, but probably does not allow them to achieve their goals.

The researchers also found that reflecting on positive experiences leads to positive emotions: "Emotions... derive from the relationship between person's wants and belief" (pp. 124). Positive emotions occur when a person believes that a want is, or is going to be, satisfied. Negative emotions occur when a person believes that a want is, or is going to be, frustrated. Reflecting on success focuses on what the student teacher can do and wants to do, which leads to positive feelings. Reflecting on their problems focusses on what the student teacher cannot do (well) and what he or she does not want, leading to negative emotions.

Since positive emotions seem to have such an effect, the present study was undertaken to see how positive emotions affect teacher's reflective engagement. "Teachers make constant decisions in their classrooms, and their beliefs, attitudes, and priorities provide a framework for these decisions" (Rimm-Kaufman & Sawyer, 2004, pp. 322). Other researchers note that "the beliefs teachers hold influence their perceptions and judgements, which, in turn, affect their behaviour in classrooms" (Pajares, 1992, pp. 307; in Kane, Sandretto & Heath, 2002, pp. 204). Therefore, there is a need to increase research knowledge within this framework and further investigate how positive experiences affect teachers' reflective engagement. Given the identified gap in research knowledge, this research has the potential to provide a better theoretical and practical understanding of the role of positive psychology in reflective engagement.

RESEARCH QUESTION

Q. How positive emotions affect teachers' reflective engagement?

METHODOLOGY

Participants

Three female English language teachers T1, T2 and T3 teaching in a public sector university in Karachi were selected for the study. T1 had no prior experience of teaching, whereas T2 had previously taught A-levels students in a school for a year. T3 was the most experienced of the three and had taught for four years at university level. T1 and T2 taught the same course, which focused on building general fluency skills in English language. T3 taught a more advanced-level course, focussing on academic writing skills. All the teachers wrote weekly reflections, focussing on their classroom experiences.

Data Analysis

Three samples of the teachers' reflections which focussed on positive experiences were selected for data analysis. The reflections were all written during the course of the semester. The reflections were qualitatively analysed as per the framework provided by Janssen, de Hullu & Tigelaar (2008), generating a list of categories. However, instead of dyadic interviews, the present study employs teachers own reflections for data analysis. These self-reports, based on actual classroom experiences were likely to provide authentic account of teachers' functioning. Moreover, some researchers criticise the use of surveys, questionnaires, or other multiple-choice-type inventories to gather data about teacher conceptions and beliefs, considering them as "too constraining" and that they "often do not validly represent teachers' beliefs" (Richardson, 1996, pp. 107; in Kane, Sandretto & Heath, 2002, pp. 197). Teachers' reflections would safeguard against such issues. Three instances of positive emotions were identified.

RESULTS

The following were the major findings of the study:

Reaffirming Self-concepts Of Teaching And 'Undoing Hypothesis'

T3 had established free-writing activity as a regular class practice. In the middle of the semester, a student got an article published in the local newspaper. T3 considered this as an instance of her activity bearing fruit. She writes:

The article uplifted my spirits (I was not really cheerful that day since I had limited time to revise the strategies) since my belief that the regular free-write activity will encourage some students to write got confirmed.

This positive experience reaffirms T3's teaching self-concepts. It can also be interpreted as an example of undoing hypothesis, according to which, "positive emotions might correct or undo the after effects of negative emotions" (Fredrickson, 2001, pp. 221).

High Work Engagement And Deeper Understanding

Work engagement refers to "the extent to which an individual feels positive, involved and fulfilled at work" and "is negatively related to job burnout" (Howard, 2008, pp 108). T1 wrote:

This was probably the best week I've had in terms of satisfaction about the student learning outcomes. From all three classes, T2 & I came out happy and satisfied knowing we had achieved the aims of the classes. I feel out of this world when a class goes really well; I'm kind of over-excited at times but just can't help wanting to dance around and celebrate the success. And, I'm sure now that it's all because of proper planning and that too in the right direction.

In this instance, the positive experience leads T1 to a deeper understanding of the pedagogical practice and a potentially crucial discovery for future. Such discoveries are essential to a teacher's own professional understanding. This belief may have a long-lasting effect. Moreover, T1's reflections also suggest that she experiences high work engagement as a result of this positive experience.

In another instance T1 wrote:

One of my students who had started coming on time after a lot of motivation stuff I did looked really tired on Friday, so I asked him why and he said he works at XYZ TV as a graphics designer and works from 11 to 6 in the morning. I knew that he worked but didn't know about the night shift because he's always there at 8.30 sharp. I was so surprised, I couldn't even say anything. If I were at his place, I wouldn't come for an English compulsory class, on time or even late, if I had to do these night duties. I felt as if the few efforts I had made paid off. I can now look back at this semester and be proud. Such a success story right in the first semester. This is what motivation can do!

Again, the positive experience leads T1 to feel happy and look towards the future with hope.

Last week, I told them that they would be given marks on their portfolio and therefore they should do their home assignments. 60% of students came with their homework. I felt very good but still there are students who are not doing it. How can I motivate them?

Celebrating Success

T3 wrote:

On Friday, I walked into the class, confident and happy because I had an entire unit planned for four days. What a sense of achievement!

T3 seems to be celebrating her success and this is an important strategy. This may also suggest high work engagement on her part.

CONCLUSION

Teaching is a highly-demanding and at times, emotionally-draining profession. This study sheds light on how positive emotions shape behaviour and outcome of teachers, as analysed through their reflections. Hence the study brings together the fields of positive psychology and teacher education. The experiences of the three teachers reveal the paths each traversed as a result of their reflective inquiries. Teachers generally reflect on their problematic experiences (Janssen, de Hullu & Tigelaar, 2008). This approach typically addresses gaps in skills but does not identify the personal strengths. As a pedagogical implication, teachers would be better served by redistributing their efforts and focussing on what is 'right' about their classrooms rather than what is 'wrong'. Also, the presentation of excerpts from teachers' reflections can be useful in teacher-training courses or in in-service training of teachers in order to provide opportunities for students and teachers to observe how reflections on positive experiences develop teachers' pedagogical practices.

LIMITATIONS

Since the present study focussed on three individual teachers, the results cannot be generalised. Secondly, the study explored teachers' *perceptions* of their pedagogical practices and functioning, and not their *actual* practices, hence the scope of the research is limited. Some researchers criticise such an approach: "It is our contention that research that examines only what university teachers say about their practice and does not directly observe what they do is at risk of telling half the story" (Kane, Sandretto & Heath, 2002, pp. 177). However, it was not within the purpose or resources of this study to investigate the association between thought and behaviour by complementing the perceptions with observations of the teachers in actual teaching situations. Rather, the present study is thought of as providing a basis for further study that might include the thought-behaviour nexus. Hence, future research, perhaps involving classroom observation, is needed to make explicit the links between tertiary teachers' espoused theories and their teaching practice so that it could be better understood how university academics learn to teach, and, especially, so that novice teachers may benefit.

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Life at the Top

Over the past decade or two, managing a large corporation has changed out of all recognition. That explains the emergence of the "CEO superman," such as Jack Welch of GE, Andrew Grove of Intel, or Sanford Weill of Citigroup. But organizations cannot rely on supermen to run them; the supply is both unpredictable and far too limited. Organizations survive only if they can be run by competent people who take their job seriously. That it takes genius today to be the boss of big organization clearly indicates that top management is in crisis.

P.F. Drucker: *Managing in the Next Society*, PP 289

News and Views

**International Conference on Management and
Valuation of Intangibles ICMVI 2009**

December 22-23, 2009

Venue: Panjab University

Chandigarh-160014

INDIA

CALL FOR PAPERS / CASE STUDIES

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Reader, University Business School

Panjab University, Chandigarh-160014, INDIA

About the Conference

University Business School (UBS), Panjab University, Chandigarh announces ‘International Conference on Management and Valuation of Intangibles’. The value derived for a business organization from intangible assets has considerably increased in the knowledge-based economy of the 21st century. The wide gap in the market-value and book -value of equity shares of most of the firms is a testimony to the fact that the traditional balance sheet fails to portray the true picture of the assets that generate revenue for an enterprise. The intangible assets like brand value, intellectual property rights etc have become the prime reason for the difference in value of such firms. The motivation of this conference has arisen from the increasing importance of such intangibles in the success of a modern business enterprise.

Conference Objectives

- * To provide a forum to discuss different types of intangibles and their management including valuation methods;
- * To deliberate on the advances in theory and practice regarding management of intangibles;
- * To share practical insights regarding the management and valuation of intangibles from corporate world.

Organizers

University Business School, Panjab University, Chandigarh, has carved out a niche for itself in this highly competitive and globalized business world of today. UBS is one of the oldest business schools of India. It has been imparting quality management education for the last four decades. This institution is known for providing dedicated, motivated and competent management personnel to the corporate world. The teaching-learning-mentoring process, the flexibility of approach to meet the challenge of constant change, and balanced all-round development of students are the distinguishing traits of UBS. It has got a highly dedicated and proficient faculty as also excellent infrastructure.

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UBS, PU, Chandigarh.
- 6 Dr. Vashisht, A.K., Professor,**
UBS, PU, Chandigarh.

Important Dates

Abstract Submission	August 31, 2009
Notification for Acceptance of Abstracts	September 21, 2009
Full Length Paper/ Case Study Submission	October 31, 2009
Last Date of Registration for the Conference	November 15, 2009

Conference Inauguration	December 22, 2009
Conference Dinner	December 22, 2009
Valedictory Session	December 23, 2009

Registration Fee

	Doctoral Students	Academics	Industry
National	INR 1000	INR 2500	INR 4000
International	USD 50	USD 100	USD 200

Registration is required even if the paper is selected for the conference. At least one author must register for the paper to be included in the conference proceedings. The registration fee covers the conference kit, conference proceedings, conference dinner, lunch and tea. It, however, does not include hotel accommodation, hotel pickups, and airport transfers. Registration fee can be paid by a demand draft drawn in favor of the 'Chairman, University Business School', payable at Chandigarh. The demand draft along with completed registration form should be sent by post to Dr. Deepak Kapur, Conference Chair, supper scribing ICMVI 2009 on the envelope. Registration fee, once paid, would not be refunded.

Guidelines for Abstract Submission

Selection of papers for presentation would be based on abstracts of about 750 - 1000 words. The author(s) should clearly mention the area of interest under which the abstract is to be included. The abstracts would be blind reviewed by experts and only those abstracts that get approved would be selected for final paper submission. All contributions should be submitted in English in Times Roman 12-point type, 1.5 lines spacing in A4 size page setup, with margins of one inch from all sides. Abstract should be accompanied with a certificate by the author that the paper is the author's own work and has neither been published nor submitted for publication elsewhere. The cover page of the paper should contain: (i) title of the paper (in bold) (ii) name(s) of author(s) (iii) author(s) professional affiliation (iv) address for correspondence with email and telephone number(s). Please note that the authors name should not be mentioned on any other page than the cover page.

Case Studies

Selection of case studies would be based on abstracts of about 750 - 1000

words. The abstracts must clearly indicate the objective of the case study, details of the organization for which the case is written, major findings, implications, and key references. Only case studies of real-life organizations would be considered. The author should clearly mention the area of interest of the conference under which the case study is to be included. Both academicians and corporate managers are expected to contribute to the conference case studies. Each case study based on primary data should include ‘A No –Objection Certificate’ from the organization for which the case study is written. The case study submissions would also be required to have a detailed ‘Teaching Note’.

- 1 Contract related intangible assets
- 2 Customer related intangible assets
- 3 Economic life of intangible assets and its effect on valuation
- 4 Intellectual property assets and their Valuation
- 5 Marketing related intangible assets
- 6 Organization capital, intangible assets and their valuation.
- 7 Purpose and uses of intangible assets valuation
- 8 Service organization valuation using intangible assets
- 9 Strategic issues in the valuation of intangible assets
- 10 Taxation issues in the valuation of intangible assets
- 11 Technology related intangible assets
- 12 Transfer pricing and intangible assets Valuation
- 13 Valuation of intangible assets in global operations
- 14 Valuation of intangible assets in small business
- 15 Value of intangible assets in use versus their value in liquidation
- 16 Valuation of intangible assets for bankruptcy

PROFILE OF THE CONFERENCE CHAIRS

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Dr Karamjeet Singh is a PhD from the Guru Nanak Dev University, Amritsar. He is

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A WORD ABOUT THE IBA

Our logo reflects “our resolve to meet the future challenges with integrated and multi-disciplinary knowledge and its creative application in a changing global environment.”

INTRODUCTION

The IBA is the oldest business school outside North America. It was established in 1955 as a USAID financed project. Initially, the Wharton School of Finance, University of Pennsylvania, provided the technical support. Later, the University of Southern California got the contract to set up various facilities at the institute and several prominent American professors were assigned to IBA. A large number of Pakistani faculty members received advanced degrees from Wharton and University of California. In 1994, the Sindh Assembly elevated the Institute’s status to that of a degree awarding institution.

Despite of a rapid increase in the number of business schools, the IBA has maintained its position as the premiere institution of higher learning in the field of management and business administration. The IBA sets the standards of educational and professional excellence. It seeks to advance and encourage new ideas and promote enduring values to guide the practice of management. Over the years, the IBA has built a reputation for producing graduates of unmatched professionalism and sound ethical and moral values. The IBA has an academic environment in which talented and outstanding young men and women are inspired to reach out to the farthest limits of their vision and capacities.

The IBA is proud of its 8,000 plus accomplished alumni who are engaged in highly specialized and professional undertaking all over the world. Many of them hold demanding positions of administrative responsibilities in various fields of governance in Pakistan and abroad. We proudly celebrate their association with the IBA.

CORE VALUES

We uphold:

- Merit
- Creativity
- Humility
- Truth
- Discipline
- Integrity
- Tolerance

as the creative dimensions of the “highest good” – summum bonum – of an ethically motivated academic life based on moral foundations.

MISSION

With a legacy spanning more than five decades of excellence, the IBA is geared up to achieve more milestones in the field of education, providing its commitment to the ideal of continuous improvement.

At the IBA, our mission is to provide education and training for management leadership in private and public sector in Pakistan. To reinforce this commitment, the Director IBA, Dr. Ishrat Husain, has presented a five year strategic vision for the institution. The vision is based on infrastructural expansion, faculty and technology up gradation and extending linkages to the industry, with the aim of being among the best business schools of the region.

PHILOSOPHY

Our pedagogical philosophy is rooted in the creative urge to strive continuously to improve upon all components of our system; culture, people and infrastructure; and to turn bright students with leadership potential into outstanding human beings, business professionals and leaders for tomorrow.

MEETING THE CHALLENGES

In the dynamic and ever changing business landscape, IBA is faced with numerous challenges. It, therefore, keeps on enhancing its curricula to make it relevant to the practical and corporate world. The faculty, staff, students and professionals work together to achieve learning goals. Students acquire knowledge and skills through constructive and distinctive processes that encourage them to develop understanding of business concepts and issues, to think independently and to make rational choices. They are encouraged to take responsibility for their own learning, to become active participants and leaders and to apply their knowledge in real-world context.

THE GOALS AHEAD

IBA aims to go global and keeping this in mind has entered into collaboration with renowned international academic and business partners. It is proud of its alliances with Microsoft, Oracle, SAP, CFA, IFC and Solbridge Business School. The IBA is set on a path of constant improvement, introducing changes in all critical fields of its undertaking. Its computer science program is placed in the highest rated category “W” Computer Science Program in the country. It has agreements with various government bodies to impart quality education in the field of management. In this regard the IBA

has launched FBR Capacity Building Program which aims to upgrade the quality of human resource in the public sector.

PROGRAMS OF STUDY AT THE IBA

The IBA programs are designed to provide world-class professional training to managers and entrepreneurs for the business and industry in Pakistan. Students take part in a broad variety of activities ranging from volunteering for charity work and participating in athletic events to organizing conferences on a variety of business issues. The spirit of involvement is important because teamwork, leadership and being a responsible citizen are the foundations of the IBA experience.

Our programs have been growing steadily in keeping with the needs of the society and the competence of the Institute of Business Administration. We offer courses in the fields of:

- Doctor of Philosophy – Ph.D. (MIS/ Information and Communication Technologies (ICT)/ Computer Science & Engineering (CSE)
- Master of Business Administration – MBA (Morning Program)
- Master of Business Administration – Management Information System MBA-MIS (Morning Program)
- MS (Economics)
- MS (Finance)
- Master of Business Administration – MBA (Evening Program)
- EMBA for Corporate Managers
- EMBA for Public Sector
- EMBA-Business & Finance
- Postgraduate Diploma in Business Administration – PGD (Evening Program)
- Certificate Courses (Evening Program)
- Visiting Students (Evening Program)
- Master of Business Administration – Tax Management (Morning Program)
- Bachelor of Business Administration – BBA (Morning Program)
- Bachelor of Business Administration – Management Information Systems BBA- MIS (Morning Program)
- Bachelor of Science – BS (Morning Program)

CAREER OPPORTUNITIES

In view of the increasing professionalism in management and growing competition in Pakistan, job opportunities for qualified and trained business administration graduate will continue to grow. Multinational firms and professionally managed Pakistani companies hire IBA graduates with confidence because of the high level of professionalism

instilled in them during their course of study. The interaction of researchers, business and industry is necessary for the development and implementation of the new and relevant ideas. The Research Wing undertakes projects and assignments specific to a particular industry or an organization covering diverse fields of management, finance and marketing.

CENTER FOR EXECUTIVE EDUCATION

The strategic location of IBA in Karachi, the business and financial capital of Pakistan, the long standing reputation of IBA, with its brand name and a vast network of alumni spread over the corporate sector, are the assets utilized by the CEE. The center offers two Executive MBA programs - one for the public sector managers and another for middle level corporate managers. Soon it will also be offering short term (of 3 months duration) training courses in the areas of Urban Management, Higher Education management and Management of nonprofit organizations and Social enterprises. All the courses are designed by the faculty at IBA in consultation with FBR, which include Computer Skills, Communication and Presentation Skills, Management Skills, Leadership and Teambuilding Skills.

MBA TAX MANAGEMENT PROGRAM FOR FBR

This exclusive MBA program is only open to FBR executives. It was initiated in January 2005 at the Institute of Business Administration. The program which has produced a large number of MBA executives is instrumental in upgrading the quality of Human resource at FBR. The special curriculum encompasses the deeply enriched realms of accounting, finance, management, statistics and the local legal and business practices.

CENTER FOR ENTREPRENEURIAL DEVELOPMENT

United States of America has chosen the IBA for establishing a Center for Entrepreneurial Development in Pakistan under its broader Middle East and North African initiative. There will be a distinguished advisory panel titled as 'Blue Ribbon Panel', consisting of the Directors of Entrepreneurship Institutes at MIT, Babson, Harvard and Stanford. This panel will not only advise but also assist and support the new Pakistani Center. Dr. Peter Bearse, who is an international consulting economist and an expert in developing entrepreneurial center, is supervising the project. This Centre is important for boosting economic activity, employment and trade within the country and across the international markets. It will conduct research to identify training needs, document how entrepreneurship is developed and run in the country, the opportunities it offers and the obstacles it encounters. It will study and investigate rules and regulations for business conducting and give proposal for policy and procedural improvements.

CAREER DEVELOPMENT CENTER

The goal of the Career Development Center is to help the students find the right job in the right field with the right employer. The center achieves this through developing strong and tangible linkages between employers and IBA graduates, aligning the needs of employers with the competencies of our graduates, organizing professional lectures, seminars, panel discussions and workshops on career development and related skills, organizing and facilitating job fairs, coordinating internships, and job placements in an efficient and smooth manner. The CDC also sponsors visits of talent hunting teams to facilitate on campus recruitment activities.

RESEARCH CENTER

Research is one of the top priorities at IBA. Our Centre for Business and Economic Research (CBER) aims to play a pro-active role in:

- Inviting proposals for award of research grants
- Organizing research seminars workshops/conferences
- Training in research proposal writing and research methodology
- Soliciting research ideas and funding from the industry and corporate sectors for core and contract research
- Establishing collaborative research projects with international and national institutions of repute
- Screening and prioritizing research studies to match the availability of researchers with the diverse demand originating from outside
- Publishing the working papers on the findings of research outputs and inviting comments for their conversion into papers for submission to journals
- Publishing and updating the Business Review at regular intervals
- Disseminating the research outputs and publications

The Center is a repository of the core research done by the IBA faculty, scholars and students. The research papers written are documented, archived and made available to other researchers and industry. The IBA faculty and students can access these research papers via the IBA internet.

HIGH PROFILE FACULTY

The IBA faculty comprises of 22 PhDs and teachers with high academic achievements as well as successful, practical business management experience. Most have advanced degrees in their field of specialization from foreign institutes of repute. The faculty members are well regarded for their insight and command over current issues facing business and industry. The faculty ensures that the system of education at the IBA is a unique blend of the best in classroom instruction, case studies, role-

playing, business games, research and practical training in business organizations.

HIGH ACHIEVING STUDENTS

Our students win distinctions and praises from foreign and local dignitaries for their confident, reasoned discourse, organized team work and knowledge. The IBA student groups arrange dozens of seminars and conferences every year. As individual contestants our students have been successful in national and international competitions. IBA students excel in many national and international level competitions including three awards in the National Model United Nations Conference in New York in April 2009, Second position in the Battle of Mind 2009 Competition. The IBA team has also won the 2009 CFA Investment Research Challenge and has been selected to represent Pakistan at the Asian Regional Challenge at Singapore. Only 78 schools from all over the world are partners of CFA Institute. Two IBA students were selected to attend the European Finance Seminar at Geneva. They were among a group of only 32 students selected from all over the world for this prestigious event.

NATIONAL TALENT HUNT PROGRAM (NTHP)

The growing income and regional inequalities in Pakistan necessitate that educational opportunities at institutions of excellence, such as IBA, are made available to talented and meritorious students from poor families and backward districts. To meet this objective, the IBA launched the National Talent Hunt Program (NTHP) in 2004. As of 2009, the program has been revamped with modern pedagogical tools and the intake standards have been revised to include only top 20 students of each board. The program primarily targets students from backward areas of Balochistan, Punjab, Sindh, FATA and Northern areas who are unable to apply for admission in IBA due to financial constraints. Special coaching is given to the students to prepare them for IBA entry tests and provide full financial support to those who are selected for admission.

Big Ideas

...And then there is the upsurge in interest in Joseph Schumpeter's postulates of "dynamic disequilibrium" as the economy's only stable state; of the innovator's "creative destruction" as the economy's driving force; and of new technology as the main, if not the only, economic change agent – the very antitheses of all prevailing economic theories based on the idea of equilibrium as a healthy economy's norm, monetary and fiscal policies as the drivers of a modern economy, and technology as an "externality."

P.F. Drucker: *Managing in the Next Society*, PP. 2699



A Note for Contributors

This Journal is a peer reviewed biannual publication of the Institute of Business Administration, Karachi, Pakistan. It is a multidisciplinary Journal covering wide range of issues in the area of business, social and management sciences, administration and governance, mathematics and computer studies, finance, economics, psychology, business ethics, logic, history of ideas, and philosophy of comparative religion.

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