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## **EDITOR'S INTRODUCTION**

Welcome to the Vol.6, No.1 issue of the *SIU Journal of Management* (June, 2016), which is an online journal publishing academic papers in a variety of formats related to the broadly-defined field of management. This is a double-blind peer-reviewed journal. Please see the call for papers and guidelines for authors located at the end of this issue for details on how to submit and other information on the journal and its Editorial Advisory Board.

In this issue, I am pleased to be able to include four peer-reviewed academic papers, a conference report and three book reviews. The papers come from authors representing Bangladesh, India and Thailand. In “Location Factors and Their Performance Measures for a Sustainable Urban Freight Consolidation Centre (UFCC),” Afzal Mohammad Khaled and Zahurul Alam consider the issue of the locations of nodes within logistic and distribution infrastructure networks. Such networks will be of considerable importance in the economic development of an emerging market such as Bangladesh and will help link the country’s consumers and producers with cross-border partners, suppliers and customers. It will also have an impact on social development in what is currently apparently a fractured society.

Shailja Dixit, in “Do Regulations Impact on Corporate Social Responsibility Delivery by Corporations? A Case Study in India” returns to the issue of the ethical and societal responsibilities of business entities that is of such importance and debate in South Asia. In this case, the author finds that regulations on organizations in the province of Uttar Pradesh are having only a limited impact since the ethical requirements and activities involved are at a nascent phase.

In the third paper, Mohammed Harisur Howladar, Md. Sahidur Rahman and Md. Abu Taher address “Exploring the relationship between Course Curriculum and Leadership Skills Development

among Business Graduates in Bangladesh.” The authors have conducted a quantitative survey to explore the relationship between the curriculum business studies students follow and their ability to develop leadership skills. Methods to increase the value of this relationship are discussed.

Finally, Mahmoud Moussa considers “Internet, Intranets and Extranets in Organizations: An Integrative Literature Review.” The paper outlines the nature of these developments and their use in contemporary organizations and provides some directions for future research.

It is gratifying to be able to make another contribution, modest perhaps, towards producing useful academic research in a society in which reason and generosity of spirit are among the virtues being ground into the dust.

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

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

**PEER REVIEWED RESEARCH PAPERS**

# Location Factors and Their Performance Measures for a Sustainable Urban Freight Consolidation Centre (UFCC)

Afzal Mohammad Khaled and Zahurul Alam

## Abstract

*The sustainability of urban freight transportation is a burning issue due to its huge impact on the environment, economy and society. In order to improve the sustainability of urban freight transportation, many EU countries have established urban freight consolidation centres (UFCCs). However, a large number of UFCCs have failed to succeed. The location of the UFCC was one of the factors shown to determine success. Previous researchers have tried to identify the UFCC location decision and success factors independently. The location factors of UFCCs did not incorporate all the location-related success factors. Besides the performance measures of those factors, attempts to rate alternative locations were also not standardized. This descriptive research reviewed both location factors and success factors to build a pool of factors that will be crucial for evaluating and selecting UFCC locations that will be sustainable. The research also identified performance measures that should be used to measure the degree of existence of those factors. The most desirable location for establishing a sustainable UFCC can be identified from the best aggregate performance indices that can in turn be calculated using the framework proposed in this research.*

**Keywords:** *location factors; performance measures; success factors; sustainability; UFCC*

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## 1. Introduction

Urban areas require effective and efficient transport systems to make them attractive places for living, shopping, working and spending leisure time. However, transport operations contribute significantly to the problems of congestion, pollution, safety and noise that can make urban areas unattractive (Allen, Thorne & Browne, 2007). Goods transportation consumes 40% of total urban oil consumption and produces 20-30% of total vehicle kilometres and 16-50% of air pollution in urban cities (OECD, 2003; Dablanc, 2007; Marcucci & Danielis, 2008). Nearly 1.2 million people die every year in road injuries and it is the leading cause of death among young people and the ninth highest cause of death among all people. Surface freight transportation causes 40 times and 200 times more fatal accidents compared to ship or rail transportation respectively (Lawson, 2007). Its contribution to congestion, noise and harmful emissions is also much larger than other modes of freight transportation. Hence, there is a popular perception that freight vehicles are detrimental to the urban environment (Regan & Golob, 2005; OECD, 2003; Woudsma, 2001). As a result, the sustainability of urban freight transportation has become a burning question. Many types of initiatives (e.g. entry restrictions, tax breaks, collective delivery and others) have been operationalized to try to make urban freight transportation sustainable (Allen *et al.*, 2003; Allen *et al.*, 2007; Ambrosini & Routhier, 2004; Browne & Allen, 1999; Ogden & Young, 1984; Quak, 2008; Taniguchi, Thompson & Amada, 2003). According to scholars, the most effective strategies will be those which can contribute simultaneously to tackling economic, environmental and social problems. The Urban Freight Consolidation Centre (UFCC) is one such effective strategy for building sustainable urban freight transportation. It can contribute economically by reducing vehicle-km, vehicles' dwelling time on roads, number of stoppages and peak time



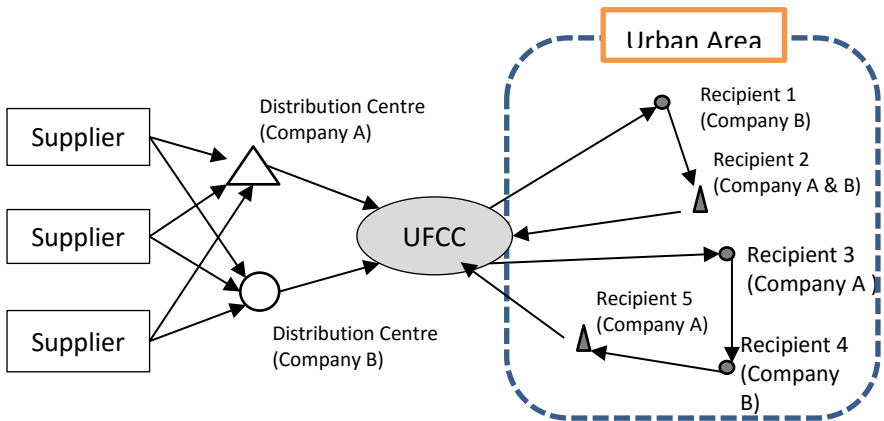
operations. It can increase average truck loads, while also offering 24-hour 7-day services. The UFCC can assist the environment by reducing emissions and fuel consumption. It can also contribute to society by reducing pollution-related sickness, road accidents and loss of land. The UFCC in the city of London reduced the distance travelled and CO<sub>2</sub> emission by 20% and 54% respectively (Browne, Allen & Leonardi, 2011). At the Tenjin UFCC of Fukuoka, Japan, there was a decrease in total distance travelled of 28%, while the need for trucks was reduced by 61%, the total traffic by 0.8%, delivery vehicle parking time at the city centre by 6.8%, total NO<sub>x</sub> emissions by 0.4% and fuel consumption by 0.3% (Nemoto, 1997). The Broadmead UFCC in Bristol, UK, receives freights anytime and can ensure 100% on-time delivery (Van Duin, Quak & Manuzuri, 2010). The UFCC at Kassel in Germany has resulted in a 60% reduction in vehicle-km within the inner city, 13% reduction of drops per retailer and 100% or above increase in vehicle capacity (Browne *et al.*, 2005; Van Duin, Quak & Manuzuri, 2010). The UFCC at La Rochelle in France reduced vehicle-km made by conventional trucks in the city centre by 61% (Patier & Browne, 2010). The ability to contribute to all three kinds of sustainability measure related to freight transport made UFCCs very popular. However, the UFCC itself represents a serious sustainability issue. Browne *et al.* (2005) conducted a survey on UFCC initiatives taken between 1970 and 2005 and found 67 clearly evident UFCC initiatives in this time period, of which only 27 were still operating by 2005. Most of those feasibility, research, pilot/trial or fully operational initiatives originated in EU countries. Researchers identified several factors as being vital for sustainable UFCCs (Kohler, 2003; Allen *et al.*, 2007; Browne *et al.*, 2005 *inter alia*). Some of those success factors were related to both location and operations of UFCC. Another line of research identified various location factors for UFCCs (Ogden & Young, 1984; Young, Ritchie & Ogden, 1980; Kayikci, 2010; Zhang *et al.*, 2011). However, in those research studies, some location-related factors identified as being important for sustainability were not considered important for the location decision. Hence, current UFCC location choice factors do not

necessarily relate to sustainability. This research study will review papers to identify the factors important for locating a sustainable UFCC. In addition, the performance measures of the factors required for the empirical evaluation of the alternative locations were identified. The research will help to make an evaluation framework for evaluating and prioritizing UFCC candidate locations.

## 2. Conceptual Framework

### 2.1. Urban Freight Consolidation Centre

The UFCC is a logistic facility that serves a specific central business district (e.g. city centre) or a shopping centre or a large construction site with regular consolidated deliveries provided by multiple transporters. The UFCC can also offer other additional services such as temporary storage, collection points and home deliveries.



**Figure 1:** Operations of the UFCC; source: Author

In contrast to a typical company distribution centre, a UFCC is managed by an independent company and consolidates and delivers freights of multiple distribution companies based on the final drop

point (Allen *et al.*, 2007). Being located outside of the service area, the UFCC normally enjoys some exemptions from local vehicle access restrictions with respect to time and area. Since the UFCC delivers to end customers such as retailers or even consumers, its scale of operation is much smaller than for an integrated freight terminal or regional hub. The average distance of the UFCC from its service area is generally less than 10 km.

Previous research studies related to UFCCs can be categorized into concept enlargement studies, impact analysis studies, case studies and location and demand measurement studies. The concept enlargement studies explain the definitions, classification, implementation and evaluation of the methodologies of the UFCC (Allen *et al.*, 2007; Ambrosini & Routhier, 2004; Benjelloun & Crainic, 2008; Browne *et al.*, 2005; OECD, 2003; Ogden, 1992; Weisbrod *et al.*, 2002; Woudsma, 2001). Impact analysis studies evaluated the UFCC's contribution to environmental, social and economic improvement (Kawamura & Lu, 2008; McDermott, 1975; Taniguchi & Van der Heiden, 2000). Case studies identified critical factors for the success or failure of previous UFCC initiatives (Kohler, 2003; Van Duin *et al.*, 2010; Van Roijen & Quak, 2010; Quak & Tavasszy, 2011; Chwesiuk, Kijewska & Iwan, 2010; Finnegan *et al.*, 2005). Studies related to location and demand for UFCC focused on representative factors to be considered when locating a UFCC (Young *et al.*, 1980; Ogden & Young, 1984; Yang & Lee, 1997; Yang *et al.*, 2008; Zhang *et al.*, 2011), the potential customers of the UFCC (Regan & Golob, 2005) and urban freight transport cost structures that favour UFCCs over private distribution centres (DCs) (Marcucci & Danielis, 2008).

## **2.1. Location Factors for a Logistics Facility**

A UFCC serves in a similar way to traditional DCs. Consequently, the factors considered for logistics facility location (whether a factory or a DC) are also important for the location decision of a sustainable UFCC. Table 1 below presents the main location selection factors

proposed in the literature for DC location problems. There are also some research studies that have tried explicitly to identify the relevant UFCC location factors (Young *et al.*, 1980; Ogden & Young, 1984; Kayikci, 2010; Zhang *et al.*, 2011). Table 2 below presents a summary of those factors identified in the literature.

Factors	Category
Population (size and density)	Demand
Purchasing power (income)	
Competitors (size and aggressiveness)	Competitors
Transportation (availability and cost of access to market/supplier, congestion level)	Transportation
Community (attitude, utilities, living standards, law and order)	Community
Land (cost of land, rent, size, visibility)	Land
Labour (availability, productivity, wage rate, unionization)	Labour
State and local regulation (tax, tax incentives, wage payments, environment pollution)	Regulations

**Table 1:** *Summary of Location Factors for Manufacturing and DCs; source: Adapted from Yang and Lee (1997); Yang et al. (2008)*

Factors	Category
Market size, corporation size and closeness to other sister facilities	Demand
Proximity (to roads, seaports, railways, highways, airports)	Transportation
Cost of operating the vehicle fleet	
Availability of land and utilities and land cost	Land
Social impact, access restriction, environmental restriction	Regulation
Availability of labour	Labour availability

**Table 2:** *Summary of Location Factors for Freight Facilities/City logistics Centres; source: Adapted from Ogden and Young (1984); Young et al. (1980); Kayikci (2010); Zhang et al. (2011).*

As will be shown, most of these logistics facility location factors are also included in the UFCC location decision factors. Only two main categories, the competitor and community related factors, are excluded. Since the UFCC will try to consolidate freights across competitors, it is understandable that competitor related factors may not be important for the UFCC location decision. However, with the exception of law and order, other possible community-related factors were totally ignored in the UFCC location decision.

## **2.2.Sustainability of Urban Freight Transportation**

Sustainability in transportation means the ability to meet today's transportation needs without compromising the ability of future generations to meet their transportation needs (Richardson, 2005). The triple bottom lines of sustainability are economic, environmental and social sustainability. A successful UFCC can become a sustainable UFCC if it pays attentions to these bottom lines. If the success factors of UFCCs as identified by multiple case studies are considered (see Table 3 below), it can be seen that community and administrative factors were also found to be playing important roles. Among the total of 17 types of factors, many are related to community and administrative circumstances. In addition, the emphasis on individual factors within categories also differs in some cases. For example, in the case of the location category, the emphasized factors are mostly land prices, utility costs and the availability and visibility of the land, whereas the main location related factor that causes the success of a UFCC is distance. The reason may be that government support for most of the UFCCs' land and infrastructure development has reduced the importance of land price factors. Consequently, the factors and their relative importance identified for a suitable UFCC location by these studies are not closely related to sustainability.

Significant existence of transport problems (Transport issues)	Early involvement of all actors (Participation issues)
Enhancement of economic efficiency of delivery (Efficiency issues)	Availability of funds
Existence of restrictions over traffic movement (Access issues)	Political and administrative back-up
Environmentally friendly vehicles (EFV)	Local enforcement of relevant transportation and environmental laws
Demand for consolidated deliveries	Experienced private management
Demand for value added services	Competent mediators
Strategic site location	Substantial control over all the actors
Common interest for social welfare (Objective issues)	Scientific support
Cooperative attitudes among potential participants (Attitude and strategic issues)	

**Table 3:** *Summary of Success Factors for a Sustainable UFCC; source: Adapted from Kohler (2003); Allen et al. (2007); Browne et al. (2005); Quak and Tavasszy (2011); Van Roijen and Quak H (2010); Van Duin et al. (2010).*

### **2.3. Objectives**

There were three objectives of this study. The first objective was to identify the factors that must be considered for selecting locations suitable for UFCCs from the viewpoint of sustainability. The second objective was to develop a location choice model that will denote the nature of the factors favourable for establishing a successful UFCC. The third objective was to identify performance measures for the selected factors so that candidate locations can be compared in terms of the selected factors and, therefore, the best location can be chosen.

### **3. Methodology**

To make a UFCC location sustainable, it is important to incorporate all spatially related success factors into its location choice model. Here, the reviewed success factors of UFCC were analysed under a framework of location factors for logistics facilities. In this manner, it is possible to merge the success factors and the location factors together in order to build a representative framework for selecting a suitable as well as sustainable location for a UFCC. Since each candidate location will be scored for each factor, specific performance measures must be identified for all of them. Research studies related to the evaluation of urban freight transport facilities were used to identify a possible pool of performance measures. For the identification of sustainable location factors and their performance measures, success factors in five categories were first analysed to clarify the ways those factors are related to the success of the UFCC. A comprehensive model was then constructed for at a glance identification of UFCC location choice factors and their performance measurement tools. Sources of information for this process included literature reviews, empirical success and failure case studies, relevant websites and books.

## **4. Findings**

### **4.1. Sustainable UFCC Location Choice Factors**

#### **4.1.1. Transportation Factors**

The possibility of accepting UFCC is very high in the areas where transport problems such as congestion, parking place scarcity, pollution, safety hazards, narrow streets, large crowds and access restrictions are acute (Kohler, 2003). The severity of transportation problems in a specific locality can be measured by delay times, travel times, level of service, passenger car and freight vehicle volumes, loading and unloading times, noise level, carbon level, number and severity of crashes, cost of access restrictions and others. However, the social benefits of such restrictions should be well communicated to avoid misinterpretation (Kohler, 2003; Van Roijen & Quak, 2010, Van Duin *et al.*, 2010). However, if the UFCC can offer better efficiency than an ongoing delivery system, then such restrictive regulations become unimportant. There are several kinds of regulations from which UFCC can benefit such as, for example, entry restrictions, entry pricing, loading and unloading (parking) pricing and environmental zones. The number and severity of such restrictions can be used when choosing between alternative location candidates.

Relevant costs incurred by delivery through UFCC should be less than the relevant delivery costs incurred without UFCC from the perspectives of both users and city administrators to encourage them to participate in this initiative. The performance measures in this context could be the efficiency of the UFCC and could be measured in terms of percentage of deliveries made on time, time savings per delivery, open hours per day per week, reductions in vehicle-km, number of trucks per destination per year, utilization of vehicle capacity, shorter journey times, night time deliveries, changes in parking time and frequency, changes in fuel consumed or changes in operating costs (Van Duin *et al.*, 2010; Browne *et al.*, 2005).



Environmentally-friendly vehicles (EFVs) reduce pollution and, thus, are often allowed to enter into restricted zones at restricted times. Use of EFVs through a UFCC allows wider time windows and access to areas where regular delivery vans cannot enter. These enhanced services can induce freight forwarders to use UFCC services. EFVs also fit the environmental improvement objectives of the UFCC. However, one of the problems associated with the failure of the La Rochelle UFCC initiative was the lower capacity of electric vehicles (EVs), which resulted in more vehicle trips and urban congestion. Moreover, EVs at the UFCC in Leiden slowed down all the traffic (Van Roijen & Quak, 2010). Here the problem identified was the failure to select the right kind of EFV. Consequently, for sustainable UFCC location decisions, the impacts of EFVs will be covered by the proximity to the service area attributes of site location factors.

#### **4.1.2. Demand Factors**

The success of a UFCC depends to a considerable extent on the demand for it. Many UFCC initiatives have failed due to overestimation of the level of demand (Browne *et al.*, 2005). The transport companies and/or retailers interested in UFCC services may have had their interest stimulated by delivery services; value added services and/or return load opportunities (Kohler, 2003; Browne *et al.*, 2005). The volume of deliveries depends on population densities in the catchment areas (Kawamura *et al.*, 2008), size of population, business mix etc (Kohler, 2003). Ambrosini and Routhier (2004) and Regan and Golob (2005) estimated that about 20% of the carriers are willing to use a city consolidation centre. Again, not all goods can be feasibly delivered through a UFCC. Goods that requires special treatment, such as those that are perishable, time sensitive, hazardous and high value goods, are not easy to consolidate and, therefore, are not feasible for handling through a UFCC (Browne *et al.*, 2005). Similarly, only less than truckload (LTL) deliveries should be taken as demand since full truckload (FTL) deliveries are more efficient than breaking bulk at a UFCC (Van Roijen & Quak, 2010).

Large retailers and chain stores are already very efficient in operation. So, their interest in seeking UFCC services can be very limited. The real demand for UFCCs should be calculated from the demand of independent and small retailers in constrained areas who are serviced by operators with small multi-drop deliveries (Browne *et al.*, (2005). Independent and small retailers are chosen since their operations are not optimized and they rarely get FTL deliveries (Van Roijen & Quak, 2010, Van Duin *et al.*, 2010)

Measuring demand for value added services is relatively qualitative in nature, since such services reduce the participant's investment in land and infrastructure and, consequently, land prices and infrastructure development costs should be used for measuring the demand variability among alternative candidates.

Return loads can generate revenue for UFCCs and reduce empty vehicle trips. Inter-store transfers, stock return, outbound from city delivery, waste and damaged materials for recycling, delivery of customer orders to pick-up point are all candidates for return loads (Browne *et al.*, 2005). The oldest successful UFCC of Tenjin, Japan is well known for collecting goods from the city centre to deliver elsewhere as return loads. Return loading of waste materials not only save storage space but also reduce trips made by rubbish collection trucks in the city centre. The volume of return loads can be estimated by considering the nature of manufacturing destinations in the catchment areas.

### **4.1.3. Site Factors**

The site of a UFCC influences its accessibility, travel distance, coverage area, service level and other variables. A remote location reduces exposure to large vehicles and maximizes the uses of EFV for deliveries but increases the number of kilometres travelled. On the contrary, a close siting will obtain fewer social and environmental benefits. A strategically sited UFCC will also increase the number of

users. Distances from highways (intermodal points), distances from private DCs and distances from service areas are the three basic factors considered while siting sustainable UFCCs (Allen *et al.*, 2007; Van Roijen & Quak, 2010). The average one-way distance from a service area of all currently operational UFCCs is about 10 km. Such distance can now be covered without difficulty by modern EFVs.

#### **4.1.4. Community Factors**

A UFCC should be located in a community where the stakeholders related to freight transportation share common interests and believe in mutual cooperation and active participation. Here, the community includes traders in the same geographic area who offer a similar range of products (i.e. logistics companies and retailers), local government representatives, potential UCC operators, trade associations, police authorities and resident representatives (Browne *et al.*, 2005). The main interest for establishing UFCC should be related to social or environmental issues rather than economic advantage. In Kassel, Germany, the transport companies voluntarily cooperated to build a UFCC to improve their image for being environmentally-friendly (Van Duin *et al.*, 2010). If the receivers and retailers join to use a UFCC, then the freight forwarding agencies will also be forced to use UFCC services in a demand driven market (Kohler, 2003; Van Roijen & Quak, 2010). Common interests should be coupled with mutual cooperation and transparency among the participants. The UFCC of Leiden in the Netherlands failed because of reduced demand caused by the unwillingness of parcel companies to co-operate with their competitors. The involvement of retailers gives opportunities to set pick-up points and also to generate revenue by home deliveries (Kohler, 2003). The successes of the UFCCs at La Rochelle, France and Malaga, Spain were attributed to the involvement of the initiator, the municipality and important stakeholders at a very early stage (Van Duin *et al.*, 2010). Factors under community categories are mostly attitude-related factors and thus necessitate qualitative surveys.

#### **4.1.5. Administrative Factors**

Not all of the administrative factors mentioned for a sustainable UFCC are directly related to its location decisions. Among the seventeen factors mentioned above, the availability of funds, political and administrative support and law enforcement issues are directly related to the location choice. A UFCC requires funds for two kinds of expenses: initial setup costs and operating expenses. The sources of fund could be either from public donations or cost-sharing by participants. Most of the sustained UFCC initiatives have been supported by the continuous financial help from municipalities or from other public sources (Kohler, 2003). Public funds normally come from development projects and transport revenues (such as access fees, road pricing and parking fees). Hence, regional economic strength and transport revenue status can be diverse sources for public funds. The attitudes of politicians can be crucial for securing long-term continuous funding. Besides, they can also help for building awareness and legislation in favour of the UFCC (e.g. through vehicle restrictions, time windows and eco-zone provision). However, such legislation cannot do much for a UFCC if the implementation is insufficient. The UFCC at La Rochelle, France, faced a problem with participation resulting from the lack of implementation of vehicle entry restrictions (Van Roijen & Quak, 2010). An opinion survey of the stakeholders can reveal the attitudes of politicians and the level of enforcement of transportation and environmental laws.

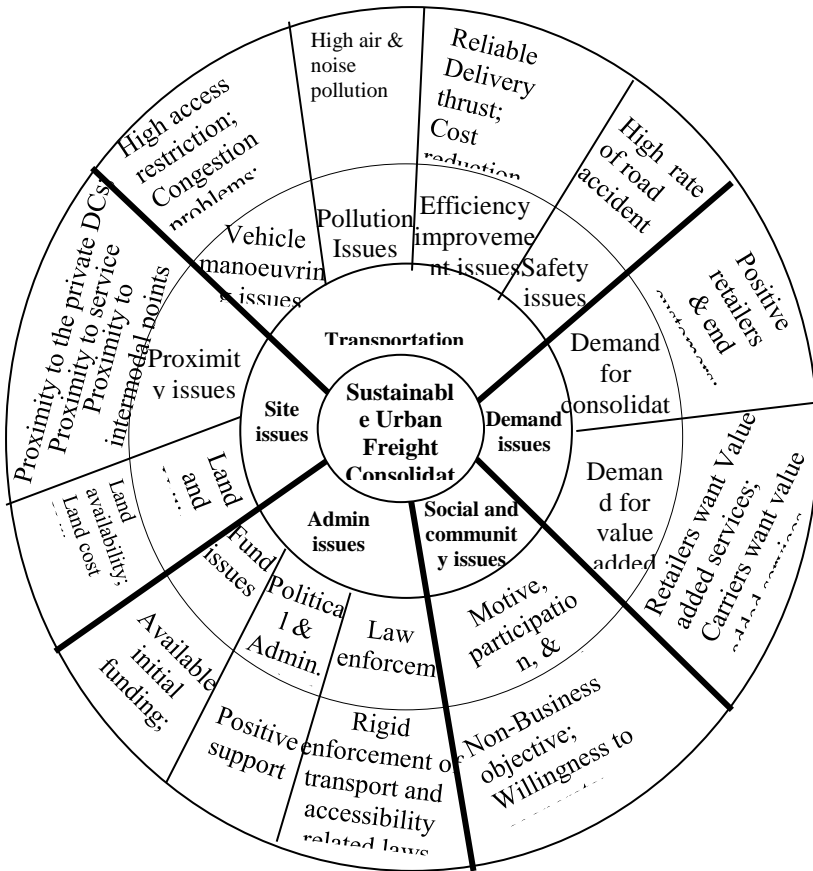
### **5. Findings and the Sustainable Location Choice Model**

In Table 4, below, the analyzed success factors relevant to the location decision are presented in accordance with the location factors. Factors are also categorized into sub-factors, according to the hierarchy of the problems and issues involved.

Category	Factors	Sub factors
Transportation Issues	Vehicle manoeuvring issues	Access restrictions Congestion and Parking issues
	Pollution issues	Air pollution Noise pollution
	Safety Issues	
	Efficiency improvement issues	Delivery reliability Cost reduction issues
Demand	Demand for consolidated deliveries	Number of retailers/end consumers Number of transport carriers
	Demand for value added services	Retailers' usages (stockholding facilities; quality control; pre-retailing of products such as removal of packaging, pricing and labelling; inter-store transfers, home delivery operations) Carriers' usages (storage facilities; waste collection services; community collection and delivery points; return loads such as stock returns; outbound city deliveries)
Site Issues	Proximity to intermodal points (highways, railways and sea ports) Proximity to the private DCs of participating transport companies Proximity to service areas	
Community Issues	Common objective issues Cooperative attitude issues Participation issues	
Administrative Issues	Funding issues	Initial funding Operational subsidies
	Political and administrative back-up Law enforcement issues	

**Table 4:** *Classified of the Success Factors for the Sustainability of a UFCC; source: Author*

The resulting model (see Figure 2 below) can be used to evaluate a potential location for building a sustainable UFCC. The model includes factors to be considered, as well as issues relating to issues involved in establishing a sustainable UFCC.



**Figure 2:** Location Choice Model for Sustainable UFCC; **source:** Author

However we need some performance measuring scale for measuring each of the factors so that we can use factor rating method to the location candidates. Table 5 presents a complete pooled picture of the categories of factors with their relative performance measures found in the reviews. Candidate’s weighted aggregate performance indices

can now be calculated for prioritizing establishment of sustainable urban freight consolidation center.

## **6. Recommendations**

The theoretical benefits of a UFCC have lured many government and city agencies to trying to create one without prior feasibility studies and, therefore, decisions which could not be sustained. There are several other methods by which such benefits might be obtained when a UFCC is not feasible. Consequently, a complete feasibility study is required using the factors proposed in this research. Positive outcomes of the analysis with respect to all factors would be necessary to predict success for a UFCC. However, measuring each of the factors simultaneously may increase unnecessary costs. Factors should be studied one by one and ranked by importance. Factors have been classified here in five categories. In order to reduce the cost of a feasibility analysis, it is recommended that analysis of each category be conducted sequentially and should proceed only if the previously analysed categories were found to be positive for establishing a UFCC. The chronology for analysis should follow the framework presented in Table 5, i.e. transportation problems, sufficient demand issues, site issues, social acceptance issues and administrative issues. All successful UFCCs started on a pilot test basis and it is recommended that such a policy continue to be put into practice. A governing authority should demonstrate patience for several months in order to reach break-even point, if this is to be achieved, since it represents a complete shift of paradigm in urban distribution systems.

<b>Category (Location reviews)</b>	<b>Factors (Sustainability reviews)</b>	<b>Sub factors (Sustainability reviews)</b>	<b>Performance Measures for alternatives (Kennedy <i>et al.</i>, 2005; Allen <i>et al.</i>, 2007; Kohler, 2003; Kawamura <i>et al.</i>, 2008; Thompson &amp; Hassall, 2006)</b>
Transportation Problems	Vehicle manoeuvring issues	Access restrictions problems Congestion problems Parking problems Operating cost issue	Cost of entry, open hours per day per week, average delay times, travel times, loading and unloading times
	Pollution issues	Air pollution Noise pollution	Passenger and freight vehicles volumes Freight vehicles dwelling time in CBD. Carbon and noise levels
	Safety Issues		Number and severity of crashes, freight vehicles
	Efficiency improvement (Service) issues	Delivery reliability issues Cost reduction issues	Percentage of deliveries made on time, open hours/day/week Time saving per delivery, reduction in vehicle kilometres, increase in capacity utilization, shorter journey times, changes in parking time and frequencies, changes in fuel consumption, changes in operating costs
Sufficient Demand Issues	Demand consolidated deliveries for	Measuring from retailers'/end consumers' and carriers' perspective	Urban area size, population density, number of independent and small retailers Number of LTL deliveries, volume of goods carried
	Demand for value added services	Retailers' usages (stocking; QC; pre-retailing functions such as removal of packaging, pricing, labeling etc.; inter store transfer, home delivery	Urban area size, population density, number of independent and small retailers Number and volume of LTL deliveries, number of manufacturing units in the destination, land price, infrastructure



		operations) Carriers' usages (stocking; waste and return load collection; community collection and delivery points, outbound to city deliveries)	development costs
Site Issues	Proximity issues	Proximity to intermodal points (highways, railways and sea ports) or freight traffic centres, private DCs and service areas	Average distance from intermodal points and private DCs and average round trip lengths to service areas
	Land and utility issues	Land availability and cost, utility costs	
Social Acceptance Issues	Objective issues Mutual cooperation issues Participation issues		Percentage of participants with objectives on social and/or environmental improvements of service area Level of interest in cooperating with competitors for joint distribution Percentage of freight transporters and retails/end customers agreed to participate
Administrative Issues	Funding issues	Initial funding issues Operational subsidies issues	Development budget, general tax base, transportation levy Transport revenues (access fees, road tolls, parking fees)
	Political and administrative favourable attitudes		Average level of interest by politicians and administrators for backing up UFCC
	Law enforcement issues		Level of traffic law enforcements opinioned by stakeholders

**Table 5:** *Hierarchy of Location Selection Factors with Their Performance Measures for a Sustainable UFCC Location;* **source:** *Author*

## 7. Conclusion

A UFCC can be a great resource in terms of sustainable urban freight transportation. However, the UFCC itself may lack sustainability. An inappropriate location choice has made many UFCCs unsuccessful. In this research, the success factors of UFCCs have been categorized by a location decision framework relating to logistics facilities. The factors important for a sustainable UFCC are divided into five categories: transportation issues; demand issues; site issues; social acceptance issues and administrative issues. There are 11 factors and 23 sub-factors within those categories. Each factor or sub-factor can be measured by means of several performance measures. The most desirable location for establishing a UFCC will be the candidate location that earned highest aggregate indices of performance values weighted by the factors/sub-factors weights. This research has created a model for evaluating alternative candidate for UFCC location from the sustainability viewpoint. It also identified alternative performance measures for each of the factors affecting sustainable UFCC location. Establishing UFCC in a location identified by this framework would ensure the highest possibility of its subsequent success and sustainability.

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# **Do Regulations Impact on Corporate Social Responsibility Delivery by Corporations? A Case Study in India**

Shailja Dixit

## **Abstract**

*The Nobel laureate for economics Milton Friedman (1970) observed that corporate social responsibility (CSR) programmes are “hypocritical window-dressing” and the inclination of corporates towards it “reveal a suicidal impulse.” Times have changed and, according to statistics from the UN, today more than 8,000 organizations around the world from 145 countries have signed the UN Global Compact pledging to be good global citizens following ten established principles in the field of human rights, anti-corruption, labour and the environment. Corporations today operate in a turbulent global environment where bottom-line financial performance is indicated by performance not only in sales but also in terms of environmental, social and philanthropic issues. The corporates know that alert consumers, investors and stakeholders of all sorts consider more than just financial performance. Over the past few years, CSR has not only gathered influence conceptually but, also, has become pivotal to discussions among researchers, academicians and the business arena globally. A company’s contribution to social development can be demonstrated by the display of various values and actions performed and display publically. The major concern of the government and corporates today is to add the people at the bottom of the pyramid (Prahalad, 2004) into the mainstream by providing them with basic amenities. CSR in India has become more prevalent but it is still denser and more productive in some parts of the country than in others. To ensure that the region’s growing prosperity is more widely shared, it is desirable that CSR activities are uniformly*

*distributed and so benefit all of society equally. This research paper analyses the CSR initiatives undertaken by corporate organizations in the state of Uttar Pradesh and conducts a regional comparative analysis on various issues and policy measures concerning their CSR initiatives. The analysis of research findings demonstrates that CSR in the state of Uttar Pradesh is at an infant stage. However, it is gaining momentum. The corporations are involved in various activities depending on their region and preference. Suggestions are subsequently given to enhance the momentum of CSR outcomes to promote inclusive growth and equal regional development.*

**Keywords:** *corporate social responsibility (CSR), inclusive growth, India, strategy and corporate policy, Uttar Pradesh*

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## **1. Introduction**

India is a country of extreme variability. On the one hand, it is considered to be among the more favourable locations for investment and one of the larger and more quickly growing economies of the world, attracting large amounts of foreign direct investment (FDI) and foreign institutional investors (FIIs); on the other hand, approximately 21.9% of its population lives below the poverty line. In fact, the UN report ranks India 135<sup>th</sup> in terms of the Human Development Index (HDI) in 2013 (UNDP, 2016). This difference has been a basic cause of social unrest in society. Robust and thriving development of the economy requires equitable, inclusive and sustainable growth. India's development sector has evolved substantially over the last few decades and is now witnessing unprecedented interest and investments across the value chain.



Corporate social responsibility (CSR) has gained unparalleled importance and is a key to global strategic decision and policy-making in the corporate sector. CSR has also been gaining critical attention globally. Organizations have begun to understand that, for development of the society in which they survive, collaborative efforts are required between the government and other stakeholders. Organizations have established separate functional sections for CSR to promote coherent planning and the discharge of CSR initiatives. It is argued that, for sustainable growth of an organization, CSR is essential.

CSR in India has travelled a long way. From philanthropy to recent government directives, the corporate sector has demonstrated different forms of CSR, now leading to sustainable responsive activities which are resulting in inclusive growth and development. India is already on the growth track due to operational collaborations between industry, Government, NGOs and various other work groups.

The Companies Act, 2013 made it compulsory for corporations to introduce CSR into their organizational agenda. Industry has generally welcomed this government initiative to enhance reform measures which might be revolutionary and might lead to widespread interest in and contributions from both public and private sector organizations, as well as national and international companies. Both government agencies and societal pressure will combine to help ensure that companies pursue their CSR activities more professionally.

The Indian Finance Minister recently mentioned that CSR is expected to contribute about Rs.14,000 crore in the social sector in the first year after the implementation of the act (Press Trust of India, 2014).<sup>1</sup> He was optimistic that the amount would increase in proportion to

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<sup>1</sup> One crore is equal to 10,000,000. One rupee is equivalent to approximately US\$0.015. Consequently, 14,000 crore is approximately equivalent to US\$2,100 million.

increases in corporate profits. This encourages corporations to focus on inclusive growth and concentrate on community needs, invest in social responsibility and philanthropy and strategize their efforts in terms of the direction they believe will have direct impact on the growth of society. With this positive move, non-governmental organizations (NGOs) have received a boost in implementing their efforts for community development through partnering with corporations.

### **1.1. Justification of Corporate Social Responsibility**

Wheeler and Sillanpa (1997) observed that 51 out of the 100 largest economies of the world would not be countries but corporations. They noted that General Motors was bigger than Denmark and that Toyota is bigger than South Africa. The inequality gap is widening between the rich and the poor. CSR represents a ray of hope for reducing this gap through corporations giving back to society from their earnings. Customers might observe these CSR initiatives as improving their performance and resulting in better financial performance by the organization concerned.

Whatever the reason, the trend for corporations to conduct CSR activities and the change in the company philosophy towards philanthropy is definitely a positive sign for the real and holistic growth of communities. An amplified inclination of corporations to contribute towards national growth with no return generates perceptible opportunities for individuals, charities and corporations to team up so as to try to achieve greater goals. The forthcoming era of CSR in India seems to be a positive one which might bring about a more equal society in terms of resource availability and consumption and the availability of opportunities.

## 2. Literature Review

The genesis of CSR may be found in political theory and the history of philanthropy when the social contract theory was developed in the 17<sup>th</sup> century. From a business practice perspective, Ford was one of those companies who initiated social responsibility activities. From a research perspective, many scholars believe that Bowen (1953) discussed the association between corporations and society in his work “Social Responsibilities of the Businessman.” In that book, he argues that firms should be conscious of business ethics so as to achieve long-term competitiveness. He was the first person to define CSR as the social obligation “... to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society (*ibid.*:6).”

The social obligation outlook of CSR formed the underlying principle for future research in the issue. Carroll (1979) proposed the CSR pyramid, with four stages of CSR development: economic, legal, ethical and philanthropic obligations. He also observed that these four categories are neither mutually exclusive, nor envision a continuum with economic concerns and social concerns on each end.

Globally, a concept of CSR has evolved which now incorporates concepts such as the triple bottom line (TBL), corporate citizenship, philanthropy, strategic philanthropy, shared value, corporate sustainability and business responsibility. The EC (European Commission) has defined CSR as “the responsibility of enterprises for their impacts on society.” To meet their social responsibility fully, enterprises “... should have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders (EC, 2011).”

The World Business Council for Sustainable Development (WBCSD) defines CSR as "... the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large (WBCSD, n.d.)."

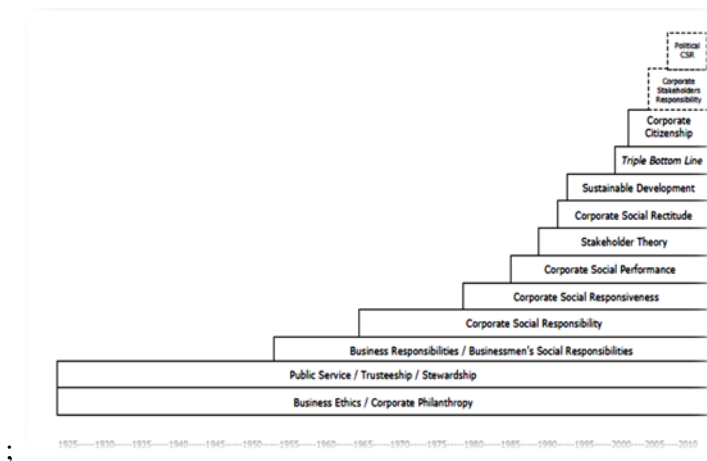
According to the United Nations Industrial Development Organisation (UNIDO, n.d.), "Corporate social responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders." CSR as a notion is usually the mode through which corporations accomplish a balance in their economic, environmental and social obligations (i.e. the TBL approach), along with simultaneously meeting the expectations of shareholders and stakeholders.

CSR broadly refers to: (a) the expectation that business is responsible to society - in the sense of accountability (Bowen, 1953; Carroll, 1979) - and for society in the sense of compensating for negative externalities and contributing to social welfare (Crouch, 2006; Arrow, 1973); (b) the expectation that business conducts itself a responsible fashion (Carroll, 1979) and, more specifically, (c) the management by business of the corporation-society interface through the enhancement of stakeholder relationships (Barnett, 2007; Gond & Matten, 2007; Freeman, 1984). CSR has re-emerged in a revolutionary fashion over the last two decades as a result of globalization, social concerns and inclusive growth result. It has now infiltrated into management strategy and policy to a point where it has been termed the latest management fad (Guthey, Langer & Morsing, 2006).

Studies suggest that "insurance-like" protection may be achieved by companies practicing CSR when negative events happen (Godfrey, 2005) and that, apart from positively influencing sales, its activities can have an impact on employment and investment portfolios (Sen, Bhattacharya & Korschun, 2006). Companies with more CSR

initiatives attract better human capital and can attain sustainable competitive advantage (Carmeli 2005; Turban & Greening, 1997). Consequently, in order to pursue sustainable development and achieve a good reputation in a fiercely competitive market, more and more companies are publishing their CSR disclosures and CSR reports.

Porter and Kramer (2011) said that moral obligation, sustainability, licence to operate and reputation are the four drivers for organizations to assimilate the CSR concept into their fundamental business strategies. Companies are expected to accept the moral obligation and behave like good citizens by doing the right thing. The concept of licence specifies the fact that organizations needs unstated or explicit permission from governments, communities and multiple other stakeholders for doing business. Many companies use their reputation to justify CSR initiatives on the grounds that they improve a company’s image by strengthening its brand, enlivening its morals and even by raising the value of its stock.



**Figure 1:** *The Escalation of CSR Concepts;* **source:** *Adapted from Mohan (2003:75).*

## **2.1. CSR Global Instruments**

CSR instruments, which are voluntary regulatory measures for CSR activities, are the core part of various international frameworks. These international CSR instruments include the United Nations Global Compact (UNGC, 2016), the OECD Guidelines for Multinational Enterprises, ISO 26000 and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. The UNGC is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten principles in the areas of human rights, labour, environment and anti-corruption. The OECD Guidelines for Multinational Enterprises provide a framework for business to conduct CSR on issues related to business ethics, competition, disclosure, anti-corruption, labour, human rights and the environment. While ISO 26000 is the sole international CSR standard, providing guidance for businesses to translate CSR agenda into effective corporate actions, the ILO Tripartite Declaration of Principles offers guidelines to enterprises, governments and employers' and workers' organizations in such areas as employment, training, conditions of work and life and industrial relations. With increased globalization and related effects, countries have to maintain international CSR standards and adopting them within their national regulatory frameworks.

## **2.2. CSR in India**

In India, the concept of CSR, though introduced formally only recently, has in fact been followed since ancient times under different appellations and practices. Philanthropy, religion and charity were key focus areas for CSR in the era of pre-industrialization. CSR as a term came into common use during the early 1970s in India. Meanwhile, during the last decade of the twentieth century, India witnessed a shift in focus on the key issues for deliberating CSR from charity to the more direct engagement of business in improving society and addressing relevant social issues. According to a report published by

Varkey Foundation and UNESCO (2015), the US companies in the Global Fortune 500 spent over \$10 billion on CSR in comparison to Indian companies, which spent \$81 million a year during 2011-13. The data shows that there is a long way for Indian companies to go in order to reach the essential level required for CSR initiatives. Understanding the role and importance of corporations in the development of society, the Indian government has made regulations for those companies to follow.

### **2.3. The Role of the Government in CSR in India**

#### **2.3.1. The Companies Act, 2013**

The Companies Act, 2013, clause 135, defines the CSR policies now prevalent in India. It was passed on 29<sup>th</sup> August, 2013 and came into force on April 1<sup>st</sup>, 2014. The Act is applicable to companies with an annual turnover of Rs.1,000 crore or more or a net worth of Rs.500 crore or more or a net profit of Rs.5 crore or more. The new rules, which are applicable from the fiscal year 2014-15 onwards, necessitate organizations to constitute a CSR committee involving their board members and at least one independent director. The companies are expected to spend at least 2% of their average net profit in the previous three years on CSR initiatives. A research report from E&Y (2013) suggests that, through this policy, it is assumed that nearly 16,500 companies will invest Rs.22,000 crore on CSR initiatives in the forthcoming coming year.

#### **2.3.2. Governance**

Clause 135 of the Act states the guiding principles to be adopted by organizations while initializing their CSR positions. A detailed plan for CSR activities, including budget, initiative form and direction, stakeholders' roles and responsibilities and monitoring mechanisms should all be detailed by the CSR committee. It should also ensure

that the returns from these CSR activities are either added to the existing CSR budget or else be credited back to the community.

### **3. Methodology**

#### **3.1. Statement of the Problem**

This study was conducted with following objectives:

- To understand the nature of CSR initiatives being taken by major corporations in the state of Uttar Pradesh;
- To understand the time duration of and the level of involvement of organizations in CSR activities;
- To understand the regional predisposition for the discharge of CSR activities and
- To understand the gravity of the organizations' CSR policies and modus operandi for the discharge of these activities.

The research method employed is now specified.

#### **3.2. Research Methodology**

The data was collected from both primary and secondary sources. In order to draw a sample from the overall population, a random lottery method was used for selecting companies from throughout the state. However, it was ensured that both private and public sector organizations were chosen. For primary data collection, a structured questionnaire was constructed to analyse the forms and modes of CSR activities being performed by various organizations throughout the state. The method employed was personal interviews conducted with respondents involving open-ended questions to develop better understanding of the activities being performed. For the survey, 139 companies were contacted but only 85 of them responded, with a response rate of 61.2%. It was ensured that the companies chosen



were involved in some form of CSR activity. Consequently, this research is based on analysis of a total of 85 public and private sector organizations. For the secondary sources, information has been gathered from various journals, periodicals, reports, magazines, databases and other reputable media. The survey was conducted in the central, eastern and western regions of Uttar Pradesh.

## 4. Findings

In this part of the study, an attempt has been made to examine the CSR initiatives and policy issues of both private and public sector enterprises in the state of Uttar Pradesh.

### 4.1. Nature and Type of Organizations

It was found more corporations (76.5%) were located in the western region as compared to other regions of Uttar Pradesh. Most of them are involved in manufacturing and production (see Tables 1 and 2 below).

(%)	Private Sector	Public Sector
Central Region	10.6	3.5
Eastern Region	21.2	5.9
Western Region	44.7	14.1
<b>Total</b>	<b>76.5</b>	<b>23.5</b>

**Table 1:** *Geographical Distribution Sample; source: Original Research (n = 85)*

Main Activity (%)	Central Region	Eastern Region	Western Region	Total
Manufacturing and Production	7.1	10.6	27.1	44.7
Trading and Marketing	4.7	5.9	14.1	24.7
Servicing and Consultancy	2.4	8.2	11.8	22.4
Others	0	2.4	5.9	8.2
Total	14.1	27.1	58.8	100

**Table 2:** *Main Activities of Sample; source: Original Research (n = 85)*

## 4.2. Duration and Nature of CSR Initiatives

Most of the organizations reported that their CSR initiatives are quite recent in origin. Owing to globalization, economic liberalization and privatization and government policy, the relevance of CSR initiatives has become more apparent to corporations. On average, organizations reported that they had been engaged with CSR activities for the last eight years. Although there are more organizations in the western region, they tended to have developed their CSR engagement more recently (see Table 3 below).

Period (%)	Central Region	Eastern Region	Western Region	Total
Less than 5 years	0	5.9	12.9	18.8
6-8 years	4.7	3.5	21.2	29.4
9-11 years	7.1	12.9	17.6	37.6
More than 11 years	2.4	4.7	7.1	14.1
Total	14.1	27.1	58.8	100

**Table 3:** *Length of Duration of CSR Activities; source: Original Research (n = 85)*

The respondents were asked that whether their organizations had a formal CSR policy. Most of the organizations revealed that they do have such a policy (69.4%). Prevalence of policies was found to be more pronounced in the central region than elsewhere.

(%)	Central Region	Eastern Region	Western Region	Total
Yes	11.8	17.6	40.0	69.4
No	2.4	8.2	16.5	27.1
In the process	0	1.2	2.4	3.5
Total	14.1	27.1	58.8	100

**Table 4:** *Presence of Formal CSR Policy; Source: Original Research*

Most of the organizations reported that CSR policy has been formulated by their organizations during 1990s. When respondents whose organizations did not have a formal CSR policy were asked why not, the most common responses were that a policy was still being finalized or that there was no need for one (see Table 5 below).

(%)	Central Region	Eastern Region	Western Region	Total
Organization does not feel the need	0	8.7	4.3	13.0
This will come in the near future	4.3	4.3	26.1	34.8
There is no need to have a CSR policy	4.3	8.7	17.4	30.4
It is not on our agenda at all	0	4.3	4.3	8.7
Other	0	4.3	8.7	13.0
Total	8.7	30.4	60.9	100

**Table 5:** *Reasons for Not Having CSR Policy; source: Original Research (n = 23).*

CSR initiatives in India largely address issues such as health, education, livelihood, poverty alleviation, environment, water, housing, energy and macro-finance. Initiatives such as women's empowerment, child development and infrastructure also appeared among the CSR initiatives named. This was confirmed by the present survey, in which health, HIV/AIDS and education are the major areas currently covered under CSR initiatives of corporations in this sample from the state of Uttar Pradesh. However, areas covered under CSR initiatives did vary depending on geography. In the western region, most of the organizations were found to be engaged with health, HIV/AIDS, education and livelihood development. Similarly, in the central region, the majority of the organizations were found to be engaged with health, the environment, sanitation, HIV/AIDS, child care and education. In the eastern region, a large proportion of the organizations were found to be engaged with water resources, HIV/AIDS, child care, education, health, disaster management and women's empowerment (see Table 6 below). The rationale for the selection of development issues covered under CSR initiatives depended on a host of factors including organizational mandate, current relevance of the issues and demand from the community.

Most of the respondents reported that the target groups affected by the CSR initiatives are determined in consultation with implementing agencies such as NGOs and community-based organizations (CBOs). However, most of the beneficiaries of CSR initiatives are poor people living in rural areas and in nearby industries and organizations (see Table 7 below).

CSR Issues (%)	Central Region	Eastern Region	Western Region	Total
Health	14.1	23.5	58.8	96.5
Environment	10.6	9.4	27.1	47.1
Agriculture	7.1	15.3	14.1	36.5
Micro Finance	1.2	3.5	7.1	11.8
Water	8.2	24.7	15.3	48.2
Sanitation	11.8	20.0	24.7	56.5
HIV/AIDS	14.1	22.4	54.1	90.6
Child Care/Development	10.6	24.7	23.5	58.8
Education	14.1	27.1	43.5	84.7
Rehabilitation & Resettlement	3.5	17.6	40.0	61.2
Slum Improvement	2.4	4.7	18.8	25.6
Disaster Management/Rehabilitation	4.7	23.5	24.7	52.9
Livelihood Promotion	8.2	15.3	50.6	74.1
Women's Empowerment	5.9	23.5	27.1	56.5
Charitable Events	2.4	16.5	14.1	32.9
Others (Specify)	3.5	3.5	10.6	17.6

**Table 6:** CSR Issues Implemented; **source:** Original Research (n = 85)

(%)	Central Region	Eastern Region	Western Region	Total
People Living Near Our Organization	5.9	3.5	14.1	23.5
Selected in Consultation with NGOs	3.5	5.9	11.8	21.2
Random Selection of Area or Community	2.4	3.5	9.4	15.3
Tribal People in any Part of the Country	0	7.1	8.2	15.3
Poor People Living in Rural Areas	1.2	5.9	15.3	22.4
Other	1.2	1.2	0	2.4
Total	14.1	27.1	58.8	100

**Table 7:** People Receiving Benefits from CSR Initiatives; **source:** Original Research (n = 85)

(%)	Central Region	Eastern Region	Western Region	Total
Operation Area	5.9	8.2	14.1	28.2
Selected Randomly	1.2	3.5	10.6	15.3
On the Basis of Demand	3.5	5.9	20.0	29.4
As per the Selection Criteria of External Stakeholder	3.5	9.4	14.1	27.1
<b>Total</b>	<b>14.1</b>	<b>27.1</b>	<b>58.8</b>	<b>100</b>

**Table 8:** Rationale behind Targeting Selected Areas; **source:** Original Research (n = 85)

A significant number of respondents also revealed that their organizations provide financial directly to the community and also by organizing charitable events during the year. About 11% of organizations were found to have been implementing CSR projects of this sort.

(%)	Central Region	Eastern Region	Western Region	Total
Through Voluntary Organizations	2.4	3.5	9.4	15.3
By Giving Financial Support Directly to the Community	2.4	2.4	12.9	17.6
Community-Based Organizations	2.4	5.9	15.3	23.5
By Organizing Charitable Events Every Year	4.7	3.5	10.6	18.8
Funding Government	0	3.5	2.4	5.9
Through Our Own CSR Project Management	1.2	4.7	4.7	10.6
Through Establishing and Strengthening Own Trust or Department	1.2	2.4	3.5	7.1
Other	0	1.2	0	1.2
<b>Total</b>	<b>14.1</b>	<b>27.1</b>	<b>58.8</b>	<b>100</b>

**Table 9:** Implementation of CSR Initiatives; **source:** Original Research (n = 85)

The proportion of the annual budget spent on CSR initiatives is shown in Table 10 below. Most of the organizations reported that they have spent less than 5% of their annual budget on CSR initiatives. However, a large number of respondents reported that the proportion of CSR funds depends upon the Board's decision and it is not directly related to the annual budget.

(%)	Central Region	Eastern Region	Western Region	Total
Less than 5%	4.7	8.2	23.5	36.5
5-10%	1.2	1.2	0	2.4
More than 10%	0	0	0	0
Depends upon Board's Decision (Not Fixed)	2.4	12.9	14.1	29.4
No Relation to the Annual Budget	3.5	3.5	16.5	23.5
No Specific Budget	2.4	1.2	4.7	8.2
Total	14.1	27.1	58.8	100

**Table 10:** *Proportion of Annual Budget Spent on CSR Initiatives; source: Original Research (n = 85)*

The majority of the respondents reported that they make a separate allocation of funds for CSR activities. It was revealed by the organizations in this sample that, on average, 0.2-1.0% of their annual turnover is allocated for social development activities under their CSR policies.

(%)	Central Region	Eastern Region	Western Region	Total
Yes	9.4	16.5	42.4	68.2
No	4.7	10.6	16.5	31.8
Total	14.1	27.1	58.8	100

**Table 11:** *Separate Allocation of Funds for CSR; source: Original Research (n = 85)*

Subsequent analysis revealed that this was not a statistically significant result.

### **4.3. Challenges and Problems of Organizations Implementing CSR**

During the research, it was found that the corporations could face major challenges or problems during implementation of CSR activities. These included:

- Lack of community participation in CSR activities initiated by organizations;
- The need to build local capacity: there is a serious dearth of trained and efficient organizations that can effectively contribute to the ongoing CSR activities initiated by companies;
- Issues of transparency: local implementing agencies do not make adequate efforts to disclose information on their programmes, audit issues, impact assessment and utilization of funds;
- NGOs play important roles in the implementation of CSR initiatives but the lack of trained and well organized NGOs hinders the implementation of CSR initiatives;
- Visibility factor: the media should spread news of the good work and successful CSR initiatives of corporations amongst people to increase interest, confidence and trust. Citizens should become sensitive towards the various ongoing CSR initiatives;
- Superficial understanding of CSR Initiatives in society and among stakeholders.

## **5. Suggestions and Recommendations**

CSR should be the fundamental for organizations in designing their strategic plans. Middle and lower management levels should be



equally involved in and made aware and of the planned CSR initiatives for the better implementation and outcomes of those activities. In India, small and medium-sized enterprises (SMEs) account for the majority of the organizations that contribute to national GDP. Consequently, it is essential that CSR is spread along the supply chain to ensure that inclusive growth is accomplished. The government should recognize and reward corporations and their partners in implementing social development projects efficiently for the empowerment of poor and under-privileged people under CSR initiatives. A strong NGO base can help civil society achieve the needed expression to shape the CSR multi-stakeholder agenda. Companies need to be flexible enough towards stakeholders and engage with NGOs to implement their CSR initiatives effectively and efficiently. Inclusive efforts involving players from both companies and stakeholders should be taken to move towards consensus concerning capacity-building issues related to CSR initiative development and discharge. Holistic monitoring and reporting mechanisms for analysing and comparing the corporates CSR performance measurement should be used. CSR should be seen as an effective instrument in promoting public private partnerships in infrastructure development, delivery of services and improvements in governance.

## **6. Conclusion**

It is concluded from the study that CSR in India is gearing up so as to meet international norms. The respondents were happy that their new policies had clear guidelines and that, therefore, they were able to discharge their CSR initiatives more freely and with better impacts. The study clearly indicates that organizations are involved in CSR initiatives and they try to ensure that the initiatives in the specified areas have direct impacts on their financial performance. They have chosen their areas of operation keeping in mind their stakeholders. The observations in this research study have helped to show CSR patterns, leadership competencies, accountability and partnership

structure, along with challenges, limitations and ethics. Organizations can re-examine their pattern of behaviours in the TBL context and initiate their journey of sustainable, inclusive growth aimed at delivering their best to the society which has given them the reason for their being.

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# Exploring the Relationship between Course Curriculum and Leadership Skills Development among Business Graduates in Bangladesh<sup>2</sup>

Mohammed Harisur Rahman Howladar, Md. Sahidur Rahman and

Md. Abu Taher

## Abstract

*The main purpose of this study is to ascertain the relationship between business course curriculum and leadership skills development among a sample of business graduates. The required data were collected through a questionnaire administered to MBA and final semester BBA students of different public and private universities in Bangladesh. The total number of respondents in the study was 226. The students were selected using a convenience sampling method. To examine the hypotheses, multivariate correlation and ANOVA tests were used. The results showed that a business course curriculum has a positive impact on leadership skills development among the business graduates. The study suggests guidelines for updating the course curriculum that will provide opportunities to students for developing their leadership skills, from which society will also benefit. The study was unable to include all universities in Bangladesh. Findings would be more significant if the respondents had been selected randomly. A cross-sectional study might provide more insight about the leadership skills development through course curriculum. The study has both theoretical and practical implications. Some future research directions have also been provided in this study.*

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**Keywords:** *business course curriculum; business graduates; leadership skills; leadership skills development*

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## **1. Introduction**

In today's globalized world, business graduates are expected to have required leadership skills. Rapid changes in business, technology, political and social factors have required the development of effective leadership skills (Cacioppe, 1998). The traits or behaviours of a leader do not guarantee that leader's success (Robbins, Judge & Sanghi, 2009). A leader's success also depends on contextual factors (*ibid.*). Consequently, leaders need to develop their skills to be successful in today's changing and competitive business environment. Moreover, a leader's inherent potential is shaped by experiences enabling them to develop the capability to solve significant social problems (Erickson, 1959; Jacobs & Jaques, 1987; Lewis & Jacobs, 1992).

The business graduate programmes of universities and institutions have significant roles in building leadership skills and capabilities among business graduates. Universities perform their leadership skill development role through offering specific course curricula. Porter and McKibbin (1988) observed that "What universities do with - and to - students are in large measure a function of the curriculum."

However, Elmuti, Minnis and Abebe (2005) noted that the present leadership education curriculum in business schools is not adequate in many regards and that more work needs to be done in its development. Nirenberg (2003) claimed that, every year, 120,000 MBA graduates join the work force but 82% of organizations have difficulty finding qualified leaders. As a result, it is found that the existing leadership education system has major limitations (Elmuti *et al.*, 2005). The current leadership curriculum focuses more on theoretical and conceptual training (*ibid.*).

In Bangladesh, almost all public and private universities except professional organization like medical and engineering institutions offer BBA and MBA programmes. However, there is still a lack of the required skills and qualifications in business graduates that would enable them to obtain better jobs (Chisty, Uddin & Ghosh, 2007). Moreover, in many organizations, at the top and middle levels of management, many foreign graduates find employment even though there is a huge number of MBA graduates becoming qualified each year in Bangladesh. In this present scenario, the question is arising as to whether the business course curriculum of public and private universities can develop the required leadership skills among business students. The authors have undertaken the present study to determine the answer to this question.

## **2. Literature Review**

### **2.1. Leadership Skills**

Leadership success depends not only on various traits or forms of behaviour but, also, on specific abilities and skills relevant to the contemporary changing and dynamic business environment. Different theories of leadership have focused on different aspects of leadership. The trait theory of leadership identifies three categories that are helpful in determining leadership success: motivation, personality and ability (Elmuti *et al.*, 2005). An effective leader needs to combine

cognitive skills, interpersonal skills and technical skills (Yukl, 1994; Gibson *et al.*, 2003).

One of the behavioural theories of leadership, the transactional theory of leadership, places emphasis on the equitable transaction or exchange between leaders and followers by focusing on their mutual self-interest (Rosenbach, 2003). Such a form of leadership emphasizes rewarding subordinates for better performance, taking corrective actions, shaping strategies and helping to foster organizational performance (Bass, 1985; Waldman *et al.*, 2001). Bass (1990) revealed that transactional leaders should have cognitive skills, interpersonal skills and technical skills that are all influential in determining leadership success. On the other hand, the transformational leader generally motivates followers to work for transcendental goals instead of short-term self-interest and for achievement and self-actualization instead of security (Bass, 1985; Gibson *et al.*, 2003). Fiol, Harris and House (1999) stated that charismatic, visionary and transformational leaders focus on followers' emotional attachment to the vision and values espoused by the leader, emotional and motivational arousal, heightened self-esteem, trust and confidence in the leader and heightened intrinsic motivation. According to Doh (2003), cognitive skills, interpersonal skills, and conceptual skills are essential factors that are helpful in determining leadership success, according to the transformational theory.

In another study, Mumford, Campion and Morgeson (2007) showed that, to be successful in business management, leaders need (i) cognitive skills, (ii) interpersonal skills, (iii) business skills, and (iv) strategic skills. Moreover Mumford *et al.* (2000) proposed a model of leader performance that is based on three key types of skills: (i) complex problem-solving skills, (ii) solution construction skills and (iii) social judgment skills. However, these problem solving skills and solution construction skills depend on the leaders' cognitive skills, business skills, and strategic skills because, to guide decision-making,



leaders need subjective knowledge (Hambrick & Mason, 1984; Zaccaro, 2001) and also need to be able to guide others through a pre-determined vision and strategy (Conger & Kanungo, 1987). Moreover, to take decisions and solve problems, a leader needs to know how to collect and utilize information in ways that ultimately indicate the extent of the leader's cognitive skills (Lau & Pavett, 1980; Mintzberg, 1973; Zaccaro, 2001). A leader's social judgment skills are important component parts of his or her interpersonal skills (Katz, 1974; Mumford *et al.*, 2000).

In short, to face the challenges of globalization, technological changes, the challenges of the dynamic business environment and to be able to work at different levels of organizations, today's business managers or leaders need cognitive skills, business skills, interpersonal skills and strategic skills.

## **2.2. Development of Leadership Skills**

Many scholars suggested that due to continuous changes in the speed of the economy and technology, as well as the speed of change, managers and leaders who lead modern establishments need to be engaged in constant learning and education processes (Elmuti *et al.*, 2005). Moreover, some researchers observed that becoming an effective leader is the result of both inherent traits and carefully developed skills (Connaughton, Lawrence & Ruben 2003; Rosenbach, 2003).

In today's competitive and changing business environment, the success of managers or leaders is not only the function of leaders' traits or forms of behaviour, rather the success of a manager or a leader depends on his or her capabilities or skills and whether they are capable of facing the challenges that exist. In recent times, many scholars have asserted that leadership can be framed not only in terms of specific forms of behaviour but, also, in terms of the capabilities, knowledge and skills that make effective leadership possible

(Mumford *et al.*, 2000). Moreover, they revealed that leadership is present in potential form in many individuals and that this potential can emerge once experience is obtained and manifests itself as the capability to learn and benefit from those experiences (*ibid.*).

Effective leadership capabilities can be fostered by offering specific leadership training, education and relevant exercises to students. Many scholars in this field agree that, although there are some natural talents beneficial to leadership effectiveness, other significant aspects of knowledge, skills and abilities that make up an effective leader can be taught (Doh, 2003; Connaughton *et al.*, 2003; Rosenbach, 2003).

### **2.3. Leadership Skill Development through Business Course Curricula**

The possession of knowledge and skills can help people develop capabilities that emerge over time as a function of their education and experience (Ackerman, 1992; Fleishman, 1992). The required skills and knowledge of business leaders can also be promoted through effective education, exercises and experiences. Elmuti *et al.* (2005) showed that academic units like the Harvard Business School Executive Education Program, which focuses on enhancing leadership capacities of executives, as well as the University of Michigan's Michigan Leadership Program (MLP), are both well-known for developing the leadership skills of students through the special emphasis placed on critical leadership issues.

In their leadership skill development model, Elmuti *et al.* (2005) argued that leadership education should be multi-disciplinary and embrace a global perspective, while being integrated with education concerning business ethics. Moreover, they also showed the various stages of the leadership education model. In the first stage, leadership education focused on fundamental knowledge and skills, in the second stage conceptual and interpersonal skills and in the last stage on practical business skills (*ibid.*). One important implication of their

model is that the business course curriculum should include some courses which cover pre-requisite courses, some co-requisite courses and others specialized courses. These courses will cover present global, ethical and technological aspects. To develop interpersonal skills and conceptual skills, some classroom exercises such as presentations, role playing sessions and group discussions should be included in the overall business course curriculum. Moreover, to give practical knowledge and understanding, it is important to include practical involvement for students through internships, live projects and other activities. Mumford *et al.* (2000) also claimed that knowledge acquisition (e.g., intelligence and mastery motives) appear particularly important early in the skill acquisition process. Moreover, they observed that exercises and practical experiences promote the acquisition of leadership skills.

## **2.4 Business Education and Leadership Skill Development in Bangladesh**

There are 37 public universities and 85 private universities under the University Grant Commission (UGC), which is a regulatory body of the Bangladesh government and which regulates tertiary (higher) levels of education in Bangladesh. Most universities, except those concentrating on engineering and medical science, offer business education at both graduate (MBA) and undergraduate (BBA) levels. The BBA and MBA courses are available in all universities offering business education. These courses are mostly the same at both levels. Some universities offer courses on leadership and leadership behaviour. However, there are no major courses offered that aim to develop the leadership skills of future business executives. Student evaluation systems are the same in all universities apart from some minor differences in the distribution of marks and grades based on different evaluation criteria. In most of the universities, examinations are taken centrally and administered by the controller of examinations. In some private universities, the concerned course teachers are given the right to evaluate students independently.

## **2.5. Hypothesis Development**

### **2.5.1. Business Course Curricula and the Development of Cognitive Skills**

Leaders need well-established cognitive abilities, including skills in written and oral expression (Bass, 1990; Fleishman & Friedman, 1990). Moreover, cognitive skills include learning (Mahoney, Jerdee & Carroll, 1965), active listening (Graham, 1983), active learning (Jacobs & Jaques, 1987) and critical thinking (Gillen & Carroll, 1985). The possession of good cognitive skills should enhance the abilities of leaders in terms of collecting, processing and disseminating information. Moreover, through active learning, leaders can more easily work with new information and grasp its implications. Using critical thinking, leaders can use logic to analyse the strengths and weaknesses of various approaches to the work (Mumford *et al.*, 2007). Consequently, it can be perceived that the cognitive skills of a leader can be developed through courses, classroom exercises and practical orientation sessions that are arranged according to the business course curriculum. As a result, the following hypotheses can be developed:

H<sub>1(a)</sub>: There is a positive relationship between business courses and cognitive skills development.

H<sub>1(b)</sub>: There is a positive relationship between classroom exercises and cognitive skills development.

H<sub>1(c)</sub>: There is a positive relationship between practical orientation and cognitive skills development.

### **2.5.2. Business Course Curriculum and Development of Interpersonal Skills**

The next category of important skills required for a leader is that of interpersonal skills, which includes social capacities (Zaccaro, 2001), social judgment (Mumford *et al.*, 2000), social complexity and differentiation (Hooijberg, Hunt & Dodge, 1997) and human relationship skills (Katz & Kahn, 1978). Interpersonal skills also involve social perceptiveness (Graham, 1983; Mintzberg, 1973; Yukl, 1989), skills required for coordination of actions of oneself and others (Gillen & Carroll, 1985; Mumford *et al.*, 2000), negotiation skills (Copeman, 1971; Mintzberg, 1973) and persuasion skills (Katz, 1974; Mintzberg, 1973; Yukl, 1989). Interpersonal skills assist managers and leaders to coordinate the activities of others and also persuade and motivate employees to achieve organizational goals. Since courses, exercises and experiences can assist the acquisition of leadership skills, then we can assume that business courses, classroom exercises and practical orientation sessions can develop the interpersonal skills of a leader. Consequently, the following hypotheses have been developed:

H<sub>2(a)</sub>: There is a positive relationship between business courses and interpersonal skills development.

H<sub>2(b)</sub>: There is a positive relationship between classroom exercises and interpersonal skills development.

H<sub>2(c)</sub>: There is a positive relationship between practical orientation and interpersonal skills development.

### **2.5.3. Business Course Curriculum and the Development of Business Skills**

In today's competitive and very dynamic business environment, the success and failure of an organization can often be highly influenced by the presence of effective leaders with a broad business perspective

(Elmuti *et al.*, 2005). Business skill involves skills related to specific functional areas (Hambrick & Mason, 1984; Zaccaro, 2001). More specifically, business skills involve the management of material resources (Katz, 1974), operations analysis (Hoffman & Hegarty, 1993), management of personnel resources (Luthans, Welsh & Taylor, 1988) and the management of the financial resources (Copeman, 1971; Katz, 1974) of the organizational unit. Business skills enhance the ability of a leader to analyse business situations more effectively and take decisions effectively so as to achieve the organization's mission and vision. Like other skills, business skills can be developed through business courses, classroom exercises, and practical orientation. Consequently, the following hypotheses have been developed:

H<sub>3(a)</sub>: There is a positive relationship between of courses of business and business skills development.

H<sub>3(b)</sub>: There is a positive relationship between classroom exercises and business skills development.

H<sub>3(c)</sub>: There is a positive relationship between practical orientation and business skills development.

#### **2.5.4. Business Course Curricula and the Development of Strategic Skills**

Strategic skills are highly conceptual skills needed to grasp systemic perspectives and to guide business activities towards overall organizational success. Strategic skills include skills of envisioning (Conger & Kanungo, 1987), systems perceptions (Connelly, Marks & Mumford, 1993; Mumford, Dansereau & Yammarino, 2000; Mumford *et al.*, 2000), environmental scanning skills of identification of downstream consequences and identification of key causes (Cox & Cooper, 1988; Kanungo & Misra, 1992; Mumford *et al.*, 2000), problem identification skills (Cox & Cooper, 1988; Yukl, 1989), solution appraisal and objective evaluation skills (Mumford *et al.*,

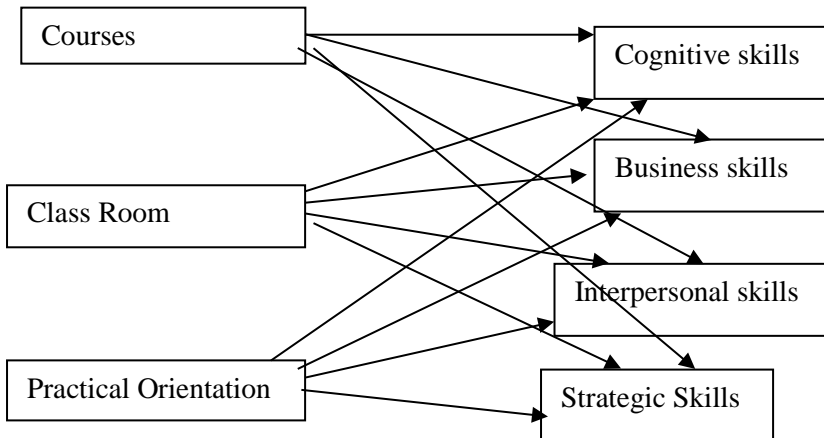
2000). Strategic skills enhance the abilities of the leaders to understand the organization from a systems perspective. These skills also assist leaders in evaluating the causes and consequences of different scenarios for an organization. Using the capability to think conceptually, the leaders can establish the vision of the organization and guide organizational activities so as to try to achieve the long term goals. It can be seen that strategic skills can be developed by business courses, classroom exercises and practical orientations. Consequently, the following hypotheses have been developed:

H<sub>4(a)</sub>: There is a positive relationship between business courses and strategic skills development.

H<sub>4(b)</sub>: There is a positive relationship between classroom exercises and strategic skills development.

H<sub>4(c)</sub>: There is a positive relationship between practical orientation and strategic skills development.

Based on the above discussion, the following theoretical framework has been developed:



**Figure 1:** *Theoretical Framework; source: Author*

### **3. Research Methods**

#### **3.1 Participants**

The structured questionnaires were supplied to the final semester BBA students and MBA students after they had passed through the course curriculum. The purpose of the questionnaire was to explore the development of students with respect to different leadership skills. From 300 distributed questionnaires, 226 were returned, of which 17 were rejected due to the lack of some answers and inconsistency. The response rate was, therefore, 75.3%. However, 69.7% of responses have been used for analysis. Among the respondents, 62.0% were public university students and the remainder was from private universities, 52.0% respondents were BBA final semester students and 48.0% were MBA students and 24.0% respondents were female in this study.

#### **3.2 Survey Instruments**

Leadership skills were measured by using instruments used by Mumford *et al.* (2007). According to that survey instrument, cognitive skill requirements were assessed using six items, including speaking, active listening, writing, reading comprehension, active learning and critical thinking. These items measured internal consistency reliability of 0.90. In this Bangladesh context, the comparable Cronbach's alpha ( $\alpha$ ) was 0.68, which is rated as satisfactory (Zikmund & Babin, 2007:322).

Interpersonal skill requirements were assessed using four items, which were social perceptiveness, coordination, negotiation and persuasion. The internal consistency reliability was 0.84 and, in the Bangladesh context, the Cronbach's alpha ( $\alpha$ ) was 0.64, which is rated as fair (*ibid.*).



Business skill requirements were measured using four items, which were operations analysis, management of personnel resources, management of financial resources and management of material resources. The initial internal consistency reliability was 0.75 and, in this study, Cronbach's alpha ( $\alpha$ ) was 0.64, which is rated as fair (*ibid.*).

Strategic skill requirements were measured using six items, which were envisioning, systems perceptions, system evaluation, identification of downstream consequences, identification of key causes, problem identification and solution appraisal. It has an initial consistency reliability of 0.91 and, in this study, the Cronbach's alpha ( $\alpha$ ) was 0.81, which is considered to be very good (*ibid.*).

The status of the business course curriculum was measured by an instrument developed by the authors on the basis of suggestions given by Elmuti *et al.* (2005). The instrument was adopted for first use in the Bangladesh context. The status of courses were measured through eight items, which were specialized courses, pre-requisite courses, co-requisite courses, IT related courses, courses related to globalized business competition, doing business globally, ethics and ethical dilemmas. The Cronbach's alpha ( $\alpha$ ) was 0.72, which is considered to be good (*ibid.*).

The status of classroom exercises was measured using seven items, including team-building exercises, simulations, exercise emphasis on building communication skills, negotiation skills, interpersonal skills, entrepreneurship development and IT related exercises. The internal consistency reliability score was found to be 0.87 or very good (*ibid.*).

Practical orientation was measured using three items, which were living projects, guest speakers and internship. The internal consistency reliability score was 0.69 or satisfactory (*ibid.*).

### **3.3. Data Collection**

Survey instruments were delivered to respondents through personal visits. A convenience sampling technique was used to collect the responses from respondents. In collecting data, researchers personally attended the classrooms of different private and public universities situated in Chittagong and requested teachers to give 15 to 20 minutes so that students could complete the questionnaire on the spot.

### **3.4. Data Analysis**

Pearson product-moment correlation analyses were first conducted to examine the associations of different leadership skills (cognitive skills, business skills, interpersonal skills and strategic skills) with the elements of course curriculum (courses, classroom exercises and practical orientation). Secondly, moderated regression analysis was conducted to examine the associations of cognitive skill and course curriculum, business skill and course curriculum, interpersonal skill and course curriculum and strategic skill and course curriculum. Analyses were conducted with the aid of SPSS 16.0 using the mixed model function to account for the nested data structure.

## **4. Findings**

### **4.1 Correlation between Leadership Skills Development and Course Curriculum**

From Table 1, it is found that there is a positive moderate correlation between courses and the development of cognitive skills, business skills, interpersonal skills and the strategic skills of leaders.

	N	Mean	SD	1	2	3	4	5	6	7
Cognitive skills	209	3.95	0.53	1						
Business skills	209	3.86	0.69	0.50	1					
Interpersonal skills	209	3.62	0.69	0.46	0.46	1				
Strategic Skills	209	3.78	0.64	0.54	0.61	0.65	1			
Courses	209	3.89	0.57	0.44	0.37	0.43	0.39	1		
Class Room Exercises	209	3.70	0.87	0.43	0.39	0.39	0.43	0.68	1	
Practical Orientation	209	3.65	1.07	0.30	0.29	0.27	0.28	0.59	0.76	1

**Table 1:** Means, Standard Deviations and Correlations among Variables; **source:** Authors' Own Research

It is also revealed that there is a positive moderate correlation between classroom exercises and cognitive skills, business skills, interpersonal skills and strategic skills ranging from 0.39 to 0.43. However, there is a poor positive correlation between practical orientation and cognitive skills, interpersonal skills, business skills and strategic skills ranging from 0.27 to 0.30. Although Table 1 showed a positive correlation between course curriculum and leadership skills, it cannot explain how much the development of leadership skills has been affected by business courses, classroom exercises and practical orientations. The following regression analysis will provide additional explanation about the impact of course curriculum on leadership skills development.

## 4.2. Hypothesis Testing

Table 2 indicates that courses, classroom exercises and practical orientations explain 23% of the variance of the cognitive skill development of leaders. The influence of course curriculum on cognitive skill is significant ( $F = 20.64$  and  $\text{sig.} = 0.000^{**}$ ).

	Cognitive Skill						
	B	Standard Error	Beta	t	Sig.	R <sup>2</sup>	F
Courses	0.273	0.079	0.290	3.460	0.001	0.23	20.64
Class Room Exercises	0.20	0.063	0.327	3.127	0.002		
Practical Orientation	-0.060	0.047	-0.122	-1.284	0.201		

**Table 2:** Regression Relationships between Cognitive Skills and Course Curriculum; **source:** Authors’ Own Research

Table 2 revealed that courses and classroom exercises make more significant contributions to cognitive skill development but that practical orientation has no significant impact.

In Table 3, below, it is found that course curriculum has a significant impact on business skills development (F= 18.53, sig. = 0.000\*\*). The courses, classroom exercises and practical orientations can explain 21% of variance in business skills.

	Business Skills						
	B	Standard Error	Beta	t	Sig.	R <sup>2</sup>	F
Courses	0.398	0.104	0.325	3.831	0.000	0.21	18.53
Classroom Exercises	0.210	0.083	0.267	2.527	0.012		
Practical Orientation	-0.079	0.062	-0.123	-1.273	0.204		

**Table 3:** Regression Relationships between Business Skills and Course Curriculum; **source:** Authors’ Own Research

From Table 3 above, it may also be observed that courses have significant impact on business skill development. However, practical orientations have no significant impact on business skill development.

The report of regression analysis in Table 4 revealed that the course curriculum has a significant impact on interpersonal skills development (F= 14.72, sig. = 0.000\*\*). However, it is found that only classroom exercises have significant impact on interpersonal skills development of the leaders. Courses and practical orientations

have no significant impact on the development of interpersonal skills of the leaders.

	Interpersonal Skills						
	B	Standard Error	Beta	t	Sig.	R <sup>2</sup>	F
Courses	0.244	0.105	0.201	2.319	0.021	0.18	14.72
Classroom Exercises	0.231	0.084	0.296	2.734	0.007		
Practical Orientation	-0.031	0.063	-0.049	-0.500	0.618		

**Table 4:** *Regression Relationships between Interpersonal Skills and Course Curriculum; source: Authors’ Own Research*

Finally, from Table-5, it was found that there is a significant influence of the course curriculum on the strategic skills development of a leader (F= 18.48, sig. = 0.000\*\*). It was also revealed that classroom exercises have a significant impact on strategic skills development, although courses and practical orientations do not have a significant impact on strategic skills development. The course curriculum can explain 21% of the variance in the strategic skills development of a leader.

	Strategic Skills						
	B	Standard Error	Beta	T	Sig.	R <sup>2</sup>	F
Courses	0.232	0.097	0.204	2.400	0.017	0.21	18.48
Classroom Exercises	0.294	0.078	0.401	3.787	0.000		
Practical Orientation	-0.085	0.058	-0.141	-1.464	0.145		

**Table 5:** *Regression Relationships between Strategic Skills and Course Curriculum; source: Authors’ Own Research*

From the above findings and explanation, it is evident that practical orientations have no significant impact on cognitive skills, interpersonal skills, business skills and strategic skills development in this Bangladesh context. In Bangladesh, most of the business graduate programmes use only internships for involving students in practical experiments. It is found that business programmes are rarely using

live projects or guest speakers from the corporate world to enhance the students' understanding of business from a practical point of view.

## **5. Discussion**

Whether leaders are born or made is a debate that has already been put to rest. Although some leaders are born with inherited traits of personality, these days leadership success depends not only on traits or the behaviour of leaders but also depends on the ability and capability of a leader to face the challenges of technological changes, socio-political changes, structural changes of organizations, globalization challenges and so on. Among the different skills required, four broad sets of skills are very important for leadership success, which are cognitive skills, interpersonal skills, business skills and strategic skills. These skill sets cover the abilities of leaders required to collect, process and disseminate information to interact with, negotiate with and persuade subordinates to act in particular ways, to manage business functional areas such as production, marketing, finance and human resources and to envision and guide the organization so as to achieve the long term goals.

These leadership skills are not inherited. The required skills of a leader are now subject to development through proper processes of skills acquisition. The acquisition of leadership skills is a function of knowledge acquisition, exercises and practical experiences. The success of business course curricula for development of leadership skills among business graduates depends on how much the curriculum can cover the knowledge acquisition, exercises and practical experiences required (Mumford *et al.*, 2000).

In Bangladesh in this research study, mixed results were observed here. Although there was a positive relationship found between leadership skills development and the business course curriculum, mixed results were found when different elements of the course curriculum were considered separately. Business courses can have

significant impact on the development of cognitive skills and business skills but cannot contribute much to the development of interpersonal skills and strategic skills. In most of the universities studied, business course curricula included courses covering functional areas of business but not including courses on desirable other areas related to environmental issues, ethical issues, social and human issues. That means, in our country, the business course curriculum is not fully multidisciplinary and that was one of the reasons for the failure of business education to develop necessary leadership skills (Elmuti *et al.*, 2005).

It is also revealed that class room exercises can have significant impacts on the development of cognitive skills, business skills and strategic skills. That means, in our country, all business programmes place more emphasis on using classroom exercises such as case study, group discussions and role play to ensure students' involvement in developing their own leadership skills. The practical orientation has no significant impact on the development of effective leadership skills. Students have very limited opportunities to become involved in practical business activities. Inviting guest speakers from the corporate world is very limited in Bangladesh, according to this project. Moreover, students have limited opportunities to work in live projects sponsored by business organizations. However, students have no easy access to real organizational information to investigate real business cases or to solve real business cases. This is one of the important limitations that should be overcome to develop leadership skills as required. Relying only on theoretically- or conceptually-based course curricula will fail to inculcate effective leadership skills (Elmuti *et al.*, 2005).

Above all, we found that there was a positive correlation between business course curricula and leadership skills development. By upgrading the course curriculum, the business course curriculum can ensure significant development in leadership skills among the business graduates. By including multi-disciplinary courses, ensuring

effective class room exercises and arranging programmes for practical experiments for the business graduates, progress towards achieving effective leadership skills for business graduates can be made.

### **5.1. Implications**

There are some academic implications of this study. It is very important for business faculties to set up missions and goals in respect of leadership skill development. By only offering limited numbers of leadership courses will not be sufficient to build leadership skills; it is important to ensure sufficient classroom exercises and practical orientation sessions for students are provided through inviting guest speakers from the corporate world and enabling students to work in live projects. The business course curriculum should be updated regularly to cope with changes in technology, organizational processes, methods of production and business trends broadly defined. The evaluation system has a great impact on the capability of the course curriculum to bring about the desired leadership skill development. There is a need for more classroom orientation and continuous evaluation. In this regard, more marks should be allocated to ensuring classroom involvement of the students rather than following the traditional bias towards mid-term and final examinations. Business institutions should be careful about the student intake. In spite of enrolling all sorts of students, business institutions should give the opportunities to those who have the required leadership traits and personality.

There are some practical implications here for employers. The employers should give opportunities for business graduates to work on real business issue in preparing business cases. Both managers and employers should give time to various real life seminars and workshops organized by business institutions. It will be more effective if they share their experiences in the classroom on specific business issues. Different projects should be financed directly by business organizations so that students can work on actual business projects to



enhance their business knowledge and capability to face future business trends and challenges.

## **5.2. Limitations**

This study collected data from only one public university and four private universities in Chittagong city in Bangladesh. More effective results may be obtained if the number of universities could be increased. Only final semester BBA and MBA students were surveyed. This study did not compare between early career business graduates and MBA students to justify the changes in leadership quality to understand the role of course curriculum on leadership skills development. One of the most important limitations of this study is that the respondents were asked to judge their own leadership skills. A person himself or herself cannot always be entirely rational or fair and it is not possible to provide an independent estimation. The findings might be more significant if the respondents were selected randomly.

## **5.3. Directions for Future Research**

An additional study might be conducted to examine the role of course curricula in the development of leadership skills by comparing the leadership skills of fresh business graduates and outgoing business students. Moreover, the researchers might try to reveal the impact of leadership roles of department heads or deans of business faculty in the development of students' leadership skills through the implementation of course curricula. There is scope to create a study to uncover whether there are any gender effects on leadership skills development. A cross-cultural study might be conducted to determine whether there are any differences in business course curricula and their impact on leadership skills development around the world.

## 5.4. Conclusion

Business graduates are among the future business leaders who will manage businesses to try to achieve organizational goals in short and long terms. The success of business education depends on significant contributions to leadership skill development. It is apparent that the BBA and MBA graduates in Bangladesh surveyed here are not able to play their role positively and so lead to business and economic development in an effective manner. Since there are huge pressures from the globalized business world, changing technological environment, increased need for environmentalism and dynamic business environment, we need business graduates with the required leadership skills who can lead their organizations successfully. Business education programmes should focus on leadership skills development and re-arrange their business course curricula on the basis of current needs and challenges.

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# **Internet, Intranets and Extranets in Organizations: An Integrative Literature Review**

Mahmoud Moussa

## **Abstract**

*Using a variety of explanations and arguments, this paper is an exploration of how the Internet, intranets and extranets add value to organizations in Thailand. The first section of this paper details Thailand's performance in the information technology (IT) sector on various indicators included in the composition of the Global Competitiveness Index (GCI) for 2012-2013 and official statistics from the Global Information Technology Report of 2014. The second section is a description of the significance of computers in organizations and how they can be influential tools for boosting productivity, followed by a presentation of a variety of perceptions about the Internet, a discussion concerning the use of intranets in organizations and a review of literature regarding the business value of extranets, which culminates in recommendations for further research.*

**Keywords:** *computers, extranet, internet, intranet, organizations*

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## 1. Introduction

Although decision-makers in collectivist cultures have great difficulty in making decisions with conditions of uncertainty, there can be no doubt that advances in technology radically alter the way we see the world and, as uncertainties increase, decisions become more complex. Information technology (IT) continues to evolve and new applications are emerging on a daily basis. Technology can be considered to be a set of disciplines that work to analyse, explore and apply knowledge and techniques. Hence, management should adopt technologies that suit their organization's culture, capabilities and limitations rather than investing in the latest trending technology. Increasingly, businesses seeking a competitive advantage are willing to learn from and use data to make better decisions, generate more revenue, optimize capabilities and manage potential risks. Consequently, it is no longer necessary for organizations to recognize best practices through the lens of their existing processes. From the author's point of view, this approach was valuable when data were relatively scarce or inaccessible. For the purposes of this study, the data were collected from both primary and secondary sources, such as journal articles, textbooks, conference papers and reports. The major purposes of this paper are: (1) to explore how the Internet in Thailand can enhance business functions and activities to magnify their competitive position within the marketplace; (2) to identify the terms Internet and intranets, which are perceived as being the two fundamental components of an extranet and (3) to highlight meaningful and relevant areas surrounding the internet, intranets and extranets for future studies. From the author's point of view, this might enhance practitioners and scholars' views of technologies that satisfy and match organizational cultures in Thailand. Importantly, this study was not designed to add to existing theories but to promote further studies in the aforementioned areas in the IT sector and industries in Thailand. The following tables display official statistics from the Global Competitiveness Report in 2012-2013 and the Global Information Technology Report in 2014.

The Global Competitiveness Report (2012-2013)				
9 <sup>th</sup>	Pillar:	Indicator	Value	Rank/144
Technological Readiness		To what extent are the latest technologies available in Thailand? (1 = not available; 7 = widely available)	4.9	73
	9.01	Availability of latest technologies		
		To what extent do businesses in Thailand absorb new technology (1 = not at all; 7 = aggressively absorb)	5.0	54
	9.02	Firm-level technology absorption		
		To what extent does foreign direct investment (FDI) bring new technology into Thailand? (1 = not at all; 7 = FDI is a key source of new technology)	4.9	47
	9.03	FDI and technology transfer		
		Percentage of individuals using the Internet	23.7	94
9.04	Internet Users, %			
	Fixed broadband Internet subscriptions per 100 population	5.4	73	
9.05	Broadband Internet subscriptions/100 pop.			
	International Internet bandwidth (kb/s) per Internet user	10.6	84	
9.06	Int'l Internet bandwidth, kb/s per user			
	Mobile broadband subscriptions per 100 populations	0.0	128	
9.07	Mobile broadband subscriptions/100 pop.			

**Table 1:** Official Statistics from the Global Competitiveness Report (2012-2013) and the Global Information Technology Report (2014); source: World Economic Forum (WEF, 2013, 2015)

This table depicts the economy's performance on the various components of the Global Competitiveness Index (GCI). The first column shows indicators that are organized by pillar. The second column reports the country's score on each indicator, while the third column represents Thailand's rank among 144 economies. According to the GCI report, competitive advantages are defined as follows: (a) for those economies ranked in the top 10 in the overall GCI, individual indicators ranked from 1 through 10 are considered to be advantages; (b) for those economies ranked from 11 through 50 in the overall GCI, variables ranked higher than the economy's own rank are considered to be advantages and (c) for those economies ranked lower than 50 in the overall GCI, any individual indicators ranked higher than 51 are considered to be advantages. According to World Economic Forum (WEF): the technological readiness pillar measures the agility with which an economy adopts existing technologies to enhance the productivity of its industries, with specific emphasis on its capacity to fully leverage information and communication technologies (ICT) in daily activities and production processes for increased efficiency and enabling innovation for competitiveness (WEF, 2015:6).

The major problems for Thailand were concerned with the "pillar of technological readiness," which is a measure used by the WEF to evaluate a country's capacity to employ ICT. Thailand was ranked 94<sup>th</sup> in individuals using the Internet, 73<sup>rd</sup> in availability of the latest technologies, 54<sup>th</sup> in firm-level technological absorption, 73<sup>rd</sup> in broadband Internet subscriptions and 84<sup>th</sup> in International Internet bandwidth.

THE GLOBAL INFORMATION TECHNOLOGY REPORT (2014)				
The Networked Readiness Index				
6th	Pillar:	Indicator	Rank/148	Value
Individual Usage		6.01 Mobile phone subscriptions/100 pop	38	127.3
		6.02 Individuals using Internet, %	97	26.5
		6.03 Households w/personal computer, %	86	26.9
		6.04 Households w/Internet access, %	93	18.4
		6.05 Fixed broadband Internet subs./100 pop	70	8.2
		6.06 Mobile broadband subscriptions/100 pop	132	0.1
		6.07 Use of virtual social networks	49	5.9
7th Pillar: Business Usage		Indicator	Rank/148	Value
		7.01 Firm-level technology absorption	50	5.0
		7.02 Capacity for innovation	87	3.4
		7.03 PCT patents, applications/million pop	65	1.2
		7.04 Business-to-business Internet use	74	4.8
		7.05 Business-to-consumer Internet use	50	4.9
8th Pillar: Government Usage		7.06 Extent of staff training	50	4.2
		8.01 Importance of ICTs to Gov't vision	99	3.6
		8.02 Government Online Service Index, 0–1 (best)	64	0.51
		8.03 Gov't success in ICT promotion	94	4.0

**Table 2:** *The Global Information Technology Report (2014); source: WEF, 2015*

These official statistics illustrate crucial elements in the IT system of Thailand, serving the government, the economy and the public. However, any development in any individual indicator is highly interrelated and requires timely, decisive and coordinated action by policymakers. The vision of an ICT-driven Thailand suggested that any and all impediments to improvement on these measures be accorded focused attention and action (Charoen, 2013). In other words, data alone are not very interesting or helpful. Data can have a direct positive impact when they are actionable or utilized.

## **2. Computers in Organizations**

Computers in organizations can store, process and report information. They can also be utilized to design business plans, control patterns and evaluate results. Almost every organization in the 21<sup>st</sup> century involves some type of computer to manage and control resources and compete with other organizations. As leaders plan and perform computerized activities, they should decide how they could use the best of technology to supply the production and distribution needs of the organization (Dlabay *et al.*, 2006; Moussa, 2015). As Bresnahan and Greenstein (1996) noted, the invention of any technology enables but does not direct its use. Different people may apply different criteria regarding what is advantageous or detrimental. Additionally, it is well known that advancements in IT have allowed numerous organizations to take advantage of the information revolution. Accordingly, with computer networks, unrestricted amounts of data can be stored, retrieved and used in a plethora of ways, from simple recordkeeping to leveraging multifaceted tools and equipment (Bohlander & Snell, 2004; Belcourt, Bohlander & Snell, 2008).

Computers in organizations are usually linked in a computer network to enable users to share hardware, software and data. Remarkable changes have arisen since the late 1980s and early 1990s, when mainframe hardware and software faced genuine competition from networked smaller computers (Bresnahan & Greenstein, 1996).

Gitman and McDaniel (2006) stated that a computer network is a group of two or more computer systems connected, often linking thousands of users by communications tools to share data and information and transmit audio and video as well. In other words, computer networks offer file sharing among all employees, who access the same information and the networks can be used for videoconferencing. The trend towards sharing information processing functions can be found in many ways, including: (a) the decentralized computerization of organizations; (b) the demand for more rapid development of applications and systems; (c) modifications in finance issues so that computing departments usually are required to charge for services that were free of charge in the past; (d) the arrival of the organization information officer and data administrator, showing a scrutiny of information as a valuable resource for the whole organization and (e) diversification of systems planning and steering committees, which enhance employee involvement in the system, and develop a broader organizational view of information as an asset (Hensel 1995; Moussa, 2013).

Yet it is obvious that the computer is a dominant and influential tool for boosting brainpower. Following this line of thought, computers can extend brainpower through the properties presented below:

- The capacity to offer new time dimensions: the machine works one step at a time; it adds, deducts, multiplies and divides numbers and it can be planned or programmed to implement other mathematical processes, such as finding square roots;
- The ability to implement definite logical operations: computers are 'symbol manipulators.' They can manipulate words, numbers and speeches to which humans have given meaning;
- The capability to store and retrieve information: instructions and data are in a coded form that the machine has been designed to accept; the machine also performs certain operations on the data, but the number of operations that can be implemented differs among computer models;

- The ability to manage and control errors: the machine can perform hundreds of thousands of arithmetic operations per second and can run without errors for long periods of time. By a method called 'parity checking,' computers can verify data when they enter storage, when they are shifted internally and when they leave in the form of output (Sanders, 1979).

Moreover, Ark and Selker (1999) observed that, over the last few years, people have developed hardware and software support for countless circumstances that take the computer to the individual and cause the computer to engage with the environment. Computers affect daily life by taking part in nearly every aspect of people's daily lives. Orilia (1986) noted that computer systems today offer outstanding reliability, considering the stressful environments in which they are utilized. This reliability is a key consideration for organizations that count significantly on computer support. Owing to their tremendous speed, computer systems today can simply manage and control a high level of requests for data. Consequently, computerization has made the outcome large numbers of worker higher and, therefore, lowered unit labor costs (e.g., when processing insurance claims) (McGuigan, Moyer & Harris., 2008). It is then critical to consider how computerization has enhanced productivity and minimized costs so widely across industries. It is argued that the research and development capability offered by computers and IT programmes and systems are behind such productivity and efficiency improvements of operations in organizations.

Nevertheless, all technologies and computers have their pros and cons, their positive and negative consequences. For example, impersonality of computer records (the frequency of data processing by computer has encouraged people to protest against the elimination of jobs in the market); without appropriate safeguards, recordkeeping systems can be mistreated (such records may be misused); computers are unbiased, unlike humans (they are unaffected by cultural, religious, racial, gender, political preferences and so forth); invasions of privacy

(computers have the capability to retain large quantities of data or information, unless access to that information is prohibited) and computer fraud (the issue of computer-based or assisted crimes). Likewise, the computer is an invention of supreme and unparalleled significance; however, it has both gains and losses. Consequently, the positive features of using computers must be weighed against the negative ones. Regarding the negative factors, computers may cause an increased visibility of conflicts between choices and values and individuals may identify greater conflicts than were visible when goals were not defined clearly (Walz, 1984). Alternatively, computers create new opportunities for individuals in organizations; enhance the accomplishment of new goals and strategies and perform several functions that were not viable in the past. The 1990s were a time of substantial change for organizations and managers have been defied to continue operating smoothly while continually developing their operations and staying competitive even though their organizations and the environment were changing quickly (Robbins & Coulter, 1999). Kraemer and Dedrick (1997) stated that the spread of computing technology has had a considerable influence on how work is performed, how decisions are made, how organizations are designed and how individuals work together. The evolution of computers displayed three discernible broad lines of computing or application. These are: (a) scientific calculations; (b) data processing or information handling and (c) the control of constant processes or isolated devices, frequently called 'manipulators' or 'effectors' (Davis, 1977).

A pertinent question that often threatens businesspeople is: where are computers and information technology (IT) are heading? Perhaps Orilia (1986) thoroughly predicted an answer to this question over two decades ago, as follows:

- Robots: a promising development in computers is robotics, where computer-controlled robots do industrial jobs. Many



organizations are realizing the effects that robots are likely to have on their productivity by lowering costs and quality improvement;

- Computer-aided design (CAD): the use of robots is connected strongly with CAD operations or the use of computers to identify and plan the solutions that are created by the production line;
- Computer-aided manufacturing (CAM): in computer-aided manufacturing, computers manage the whole manufacturing process.

In short, different industries have realized that robotics and CAD/CAM could promise them a competitive advantage over others in the marketplace and, thus, competitiveness can accommodate more jobs and, ultimately a stronger economy. However, Kiley (1999:2) stated that if an economy is incurring substantial adjustment costs from high levels of investment in some new investment good, say computers, then production is depressed by these adjustment costs, and typical growth accounting calculations will measure the negative effects of adjustment costs as a slowing of growth in the residual typically called labor-augmenting technological progress or multifactor productivity.

Another school of thought explicitly urged that one should bear in mind that there are myriad ways technology might emerge in the future and that knowing specifically what these developments will be or where they will take the world is not only impossible but, also, unimportant (Molebash, 1999). More significantly, organizations should tailor and modify information technology to their needs and culture, for delivering sustainable improvement and value creation.

### **3. The Internet**

At first, the Internet appeared as a free and open network with an unspoken accord among consumers that access would not be constrained, that there would be no fees for its use and that freedom of speech would not be proscribed (Ahmad & Sharp, 1999). As such, the Internet became a communication medium with few curbs. The

Internet has opened the entire global environment to organizations and has permitted almost anyone to access almost any information that may contribute to the accomplishment of particular goals (Atre, 2007). Straightforwardly, the Internet is an instance of a global information network collected from an existing set of ITs that present a technique for electronic information sharing (Strader, Lin & Shaw, 1999). In the current decade, the Internet has contributed positively to minimizing obstacles to direct investment in foreign countries or entry in some industries (Allen, 2010). The Internet permits multiple assessment tools and usages that expand the data available to different quarters. However, government support and cooperation will be fundamental in specifying how the internet business environment will evolve. For example, who will lead in providing access to the Internet for corporations and customers? Will governments agree on issues regarding security measures and taxation? Will governments allow the free flow of ideas (e.g., Internet censorship)? According to Charoen (2012), internet censorship can be interpreted as the suppression of publishing or accessing information on the Internet.

Theoretically, as Internet activities grow to be a part of the daily schedule of individuals and social groups, they become incorporated into their lives (Hoffman, Novak & Venkatesh, 2004). Millions of people around the world called virtual customers perform transactions online rather than engaging in traditional face-to-face transactions and buy everything from books and gifts to computer software and bank services on the Web (Evans & Lindsay, 2008, 2011). Griffin (2008:624) reported that the Internet's popularity continues to grow for both business and personal applications. In 2005 more than one billion Internet users were active on links connecting every country in the world. Between 2000 and 2005, the number of users increased by 184%. In the United States alone, more than 150 million users use the Internet daily.

E-mail on the Internet is not only an effective and efficient way to exchange information and greeting but can also be used for accessing

different materials and sharing a large amount of information (Mondy *et al.*, 2002). The Internet, often called the Net, is the largest and most renowned computer network on the globe and it is frequently used for two tasks: (a) sending and receiving messages and (b) searching for information. Another interpretation is that being on the Internet means having full access to all Internet services. Leshin (1997) observed that any commercial service or organization that possesses full Internet access provides the following:

- Electronic mail (e-mail): the easiest to use and, for many individuals, the most helpful Internet service. E-mail services allow individuals to send, forward and receive messages from people across the world with little or no expense, participate in electronic conferences or discussions and contact all sorts of organizations and individuals around the world;
- Telnet: Telnet gives the ability to login to a remote computer and to work interactively with it. When running a Telnet meeting or conference, a computer is remotely connected to a computer at another setting but will perform as if it were directly linked to that computer;
- File Transfer Protocol (FTP): FTP is a technique that allows individuals to move files and information from one computer to another. In addition, FTP allows individuals to download books, free software, music, magazines and other content;
- World Wide Web (WWW or Web): is a compilation of protocols and standards to enable access to information available online. The WWW was developed at the European Particle Physics Laboratory in Geneva, Switzerland as a means for physicists to share data and information easily. It has emerged as a complicated technology that can currently link hypertext and hypermedia documents. Moreover, the Web uses three standards that provide a method for WWW servers and consumers to place and exhibit data available through other protocols such as FTP and Telnet. The three standards are as follows: (1) Uniform Resource Locators (URLs); (2)

Hypertext Transfer Protocol (HTTP) and (3) Hypertext Markup Language (HTML).

One explanation by Thompson and Cats-Baril (2003) is that the WWW is a division of the Internet, accessed through the application of software programmes called Web browsers and the chunk of the Internet that is not also part of the Web is the use of e-mail. Norton (2006) and Thompson and Cats-Baril (2003) argued that the Internet is a 'network of networks' or a global communication system that bring millions of individual networks together and these connections permit users to share data, access a nearly unlimited amount of information and exchange messages. This global computer network is a widespread information resource that offers product information, travel guidance, music, publications, news, weather, sports and many other forms of information and it is a significant source of managing business deals (Dlabay *et al.*, 2006). Many have described and envisaged the Internet as a network composed of millions of smaller private networks that have the capacity to function independently or with other networks linked to it. In a similar vein, the Internet has no fundamental headquarters or central service providers and no inclusive index to guide you in what information is available (Capron & Johnson, 2004). However, the Internet was initially developed by the U.S. government and it connects businesses, individuals and organizations that have the capability to be connected. Cummings and Worley (2009:700) reported that "... the Internet is the backbone of a global economy, and although the technology sector has suffered financial setbacks, few people doubt its future importance." Consequently, the Internet is growing regularly, as more and more industries and other organizations and their consumers, computers and networks connect to its global web and it has now developed into a 'global information superhighway (O'Brien & Marakas 2006).' They also added that the explosive growth of the Internet is a revolutionary trend in computing and telecommunications. "Although the United States still claims more Web activity than other countries, the Internet is expanding around the globe but at differing rates for different

countries (Stair & Reynolds 2008:163).” The Internet played a major role in the rise to prominence of the modern management approaches, particularly concerning knowledge management, the efforts to garner knowledge systematically and analytically and make it accessible within an organization to create and promote a learning culture (Daft & Marcic, 2007).

According to Prammanee and Moussa (2010:15) many people in Thailand use networked computers as both personal and professional tools for communication. The Thai government’s first reaction to the Internet was to reserve facilities only for state academic institutions and government agencies. Political uncertainty, changes in the bureaucracy, budget issues, and corruption have all hampered the growth of the Thai IT industry. In addition, Thais are discouraged by the predominance of the English on the Internet and in many software applications. Unless Thailand develops more Thai-specific software as well as more Thai content on the Web, use of the Internet will be limited to a comparatively small percentage of the total population. However, Prammanee and Moussa (2010) published some solutions to these problems, such as the Thai government stepping forward with its telecommunications master plan and the Eighth National Economic and Social Development Plan, which emphasises the need to resolve problems related to human resources, local development of technology and expansion of the Internet. The success of these plans will determine, in large measure, the future economic fate of the country. Today, there is a need for effective coordination among Thailand’s IT agencies and personnel in government, including the military as well as ministries of finance and communications. Each has a stake in the technological future of Thailand.

Although the Internet revolution has delivered countless positive changes to most organizations, some of its pledges have been found lacking (DuBrin, 2006). For example, many consumers and businesspeople disregard deals offered on the Internet and prefer to shop and interact in person or physically (e.g., purchasing from a

machine). Nonetheless, the Internet increases and enhances conventional business activities without being a substitute for management practices (DuBrin, 2009). It is worth mentioning that business use of the Internet has developed from being an electronic information exchange to becoming a broad platform for strategic business purposes. O'Brien and Marakas (2006) noted that organizations are using Internet technologies for marketing, sales and customer relationship management applications, as well as cross-functional business applications and applications in engineering, manufacturing, human resources and accounting. O'Brien and Marakas (2006) informed that most organizations are developing e-business and e-commerce websites to accomplish the following six main business values:

- generate revenues from sales online;
- minimize customer service and transaction costs through sales online;
- enhance loyalty of current customers through well-developed web customer services;
- be a focus for new customers through e-marketing, advertising and sales online;
- develop new market niches and distribution channels for current products or
- facilitate access to new information-based products online.

However, Mondy *et al.* (2002:536) claimed "... because the Internet blurs boundaries, conducting e-business subjects HR professionals to unfamiliar jurisdictions, laws, taxes, cultures, and even technologies. HR professionals are not alone in their concern over such issues, but the Internet has further complicated the already complex issue of going global." Furthermore, Baltzan and Phillips (2009) noted that there are four general modes for obtaining Internet information: (a) an intranet or an internal segment of the Internet, protected from outside access that permits an organization to offer access to information and software applications to its workers only; (b) an extranet or an intranet

that is accessible to strategic partners, such as customers, suppliers and shareholders. Organizations develop extranets to provide individuals outside the organization the opportunity to access intranet-based information and software applications, such as for order dispensation; (c) a portal or a technology that offers access to information, such as a website that provides a variety of services or resources. Yahoo, Google and Microsoft are all leading general portals, while Garden.com for gardeners, Fool.com for investors and SearchNetworking.com for network administrators are all examples of niche portals and (d) a kiosk, which is an openly accessible computer system that has been developed to authorize interactive information browsing. Baltzan and Phillips (2009) scrupulously described other general forms for providing Internet information, as follows:

- An Internet service provider (ISP) is an organization that offers employees and other organizations access to the Internet in conjunction with related services, such as developing a website. Among the largest and most dominant ISPs in the world are AT&T WorldNet, IBM Global Network and Netcom. Another constituent of the ISP family is the wireless Internet service provider (WISP), an ISP that provides subscribers to connect to a server by using a wireless connection;
- An online service provider (OSP) provides an assortment of exceptional services such as its own version of a Web browser. Linking to the Internet through an OSP is a substitute to linking through one of the national, regional or local ISPs;
- An application service provider (ASP) is an organization that provides access over the Internet to systems and services to other organizations that would otherwise have to be positioned in personal or organizational computers.

In recent years, businesses and organizations recognized the possibility of the Internet being able to intensify their operations internationally, thereby enhancing their business processes, finding new customers and operating more effectively and efficiently. “E-

business can be defined as any business that takes place by digital processes over a computer network rather than in physical space (Daft & Marcic, 2007:236).” They also added that e-business refers to electronic linkages over the Internet with stakeholders and stockholders. Effectiveness and efficiency are considered the main objectives for e-business and the Internet and the Web are used for everything from completing finance reports to connecting with the external environment. Meticulously, DuBrin (2006) observed that there are many important aspects affected by the Internet environment; these involve:

- Refurbishing processes towards improved productivity: the Internet has transformed the way businesses function and operate, through such issues as interactions among individuals in organizations, interactions and deals with outsiders, planning, marketing, accounting and other activities;
- Strong pressure on profits and strong demand for cost containment: individuals today can use the Internet to divulge information about costs that locates them on the same level as professionals. Consequently, managers are responsible for containing costs by all means possible, such as minimizing turnover, reducing expenditures and using the Internet for purchasing;
- Coping with instability and disorders: the Internet is considered a big challenge for organizations that must manage ambiguity and, perhaps, environmental issues. As a result, the Internet environment necessitates a great deal of flexibility and adaptation;
- Data mining or the removal of constructive analyses from the raw mass of business operations and other information. Data mining is another helpful IT application for business and yet also is linked to the Internet because some of the databases are accessed online.

Moreover, DuBrin (2009) described the two main outcomes of data mining as:



- an automated forecast of trends and behaviour: inquiries that usually require exhaustive analysis can now be illustrated directly from the data rapidly and
- automated discovery of ambiguous patterns in the past: data mining instruments search through databases and discover otherwise hidden patterns.

Briefly, DuBrin (2006, 2009) succinctly noted that approximately 80% of business conducted on the Internet today exists between firms or business-to-business (B2B). Consequently, employers must be acquainted with e-commerce to assist in developing effective strategies and integrate the several business functions appropriately. Above and beyond this, “The Internet technology also lends itself to a wide variety of applications, which seem to expand on a very frequent basis. The Internet is still very much like an adolescent somewhat gangly and clumsy, full of good intentions and mischief, and growing very fast and predicting how it will evolve is an impossible task at this time (Thompson & Cats-Baril, 2003:194).” In all cases, organizations that systematically employ the Internet’s potential for business functions and activities at the corporate level have prospects to magnify their competitive position within the marketplace (Roadcap, Smith & Michael, 2002).

#### **4. Intranets**

An intranet is described as an internal or local computer network in an organization’s private network and a smaller version of the Internet, with websites that appear and function as a typical web-site but are only accessible to authorized internal stakeholders (Capron & Johnson, 2004; Dlabay *et al.*, 2006; Norton, 2006; O’Brien & Marakas, 2006). In the same way, an intranet utilizes the same Web server software that provides the public access to websites over the Internet. However, the main difference is that an intranet often restricts access only to members and selected contractors within an organization (Norton 2006; Griffin 2008). While the Internet provides

considerable benefits to different people, the challenges of an insufficient technological infrastructure remain problematic for public and private policymakers and decision-makers. Creating internal networks (intranets) to ease communications and transactions among internal and external stakeholders may be the Internet's principal value for many corporations (Charoen, 2012). Hence, an intranet is a form of using Internet technology within an organization and this provides fast and easy access to information, while maintaining the integrity of the information and secure access to the information. This technology emerged to offer access to multimedia data over quite slow networks and it depends on healthy networking and the capacity to successfully condense and decompress digital information (Piraino, 1997).

Additionally, Daft and Marcic (2007) observed that an intranet is a system that enables separate organizations to share data and information and there are two options to implement that: (a) electronic data interchange (EDI) is a network that links the computer systems of customers and sellers to permit the transmission of planned information for ordering, distribution, payables and receivables and (b) the second option is an extranet, which will be discussed in the next part of this paper. The victory of the Internet has encouraged some organizations to enlarge the Net's technology for internal websites presenting information about the organization (Griffin, 2008).

Consequently, an intranet can be perceived as a controlled, self-enclosed assemblage of information assets that can be accessed using Web browsers. Typically, an organization may create more than one intranet to provide access for some or all of their workers to a subset of its information resources (Thomson & Cats-Baril, 2003:150). They described an intranet as being "... developed using open standard (Internet) tools, so that it may be accessed using a Web browser from wherever the Internet may be accessed." Organizations utilize a broad range of intranet uses and it is first and foremost a means for sharing

information and is considered an effective way for time and money saving for organizations. Consequently, an intranet is a local network in an organization that applies Internet technologies to providing an Internet-like atmosphere within the organization for sharing information, communications, cooperation and supplying all business processes (O'Brien & Marakas, 2006). Basically, business integration and information system (IS) integration can represent competitive advantages for organizations. However, the composite nature of the integration plans facing organizations is no longer a secret and academics are beginning to make scientific investigations and develop recommendations for both scholars and practitioners (Mendoza, Perez & Griman, 2006).

Similar to local area networks (LANs), intranets are private organizational networks and many organizations use both types of internal networks. Nonetheless, because they use Internet technology to link computers, intranets are wide area networks (WANs) that connect employees in many settings and with different types of computers (Gitman & McDaniel, 2006). According to Thompson and Cats-Baril (2003, p.151), most organizations use a wide variety of communications devices and networking options, depending on their needs. For example, a company might have numerous LANs, some of which use ethernet or fast ethernet and others that use IEEE 802.11 Wi-Fi wireless. The organization also might have a company intranet that can be accessed by employees from any wired or wireless Internet connection.

An intranet is also sheltered by security procedures, such as passwords, encryption and firewalls. When an intranet is linked to the Internet, the applications on the intranet are secured by a firewall and users are compelled to sign in with a legal user name and password (Norton, 2006). Aside from this, security challenges are connected with all levels: an intranet, an extranet and the Internet. They are related to the issues of technology, organization, people and the environment in the following ways:

- Challenges resulting from the technology of the network and its application may be related to the weakness of the technology's design, execution and management;
- The challenges to organizations and individuals may be unintentional, resulting from the lack of management skills or come from hackers and hostile organizations. Challenges include employee theft, illegal access, viruses and other forms of attack;
- The environment creates security challenges in two major areas: the first area is concerned with the natural environment (e.g., floods or earthquakes) and the second one is associated with the management of environment quandaries. However, both environments can cause unplanned challenges and they may be used to initiate purposeful challenges (Bakry, 2003).

Strategically, organizations promoting their intranet software resources in magazine advertisements frequently modify the word, (e.g., InTRANet) for fear of being perceived as simply misspelling the word Internet (Capron & Johnson, 2004). It may also be observed that intranet designers dedicate their time and attention to portraying the webpages that organization members will access and a typical opening page would have an attractive logo and a number of clickable general icons to refer to different functions. It may be that theories and propositions behind the use of intranets in organizations have been developed because of the perceptions of the significance of the strategic use of organizational time and the desired benefits from updating employee information on a variety of subjects. Moreover, it has been frequently said that intranets are relatively less expensive to set up and control than other network types and can obtain benefits from the Internet's interactive attributes, such as chat rooms and teamwork spaces. The following is a summary of the important strategies and guidelines needed to plan an intranet in an organization:

- With an intranet, information is stored in one location and is accessible to all employees. Digital information is uncomplicated to

sort and, while it may be impossible to get rid of all paper, it is possible to reduce the amount dramatically;

- Become skilled at how to store information somewhere: the more one realizes where the information resides, the more one will recognize how significant documentation is and the more one will stress to system vendors the need to provide advanced documentation;

- Be acquainted with database fundamentals: organize, store and categorize information in open databases. An open database is one that supports another widely accepted industry standard open database connectivity (ODBC). ODBC builds a common communication tool to enable connectivity with a mixture of diverse databases. However, databases may not have the capacity to store every item of data and sometimes a spreadsheet, word processing document or other file may be more practical. Also, consider the technology extensible markup language (XML), that may add database-type structure to unstructured information such as word processing documents and HTML Web pages;

- Employ common connectors: position data resources on servers that provide worldwide connectivity;

- Make use of one universal e-mail system and make it a major communications tool for the organization;

- Everyone in an organization should be able to share documents, spreadsheets and databases with staff, customers and suppliers, depending on the nature of the business and the organization;

- Use modern programming language to enable programmers to work easily, quickly and more productively (Visual basic Java and HTML are examples of universal, widely used programming languages (Hoffman 1998)).

## **5. Extranets**

Extranets are network connections that use Internet technologies to interconnect the intranet of an organization with the intranets of a number of external stakeholders and shareholders (Daft & Marcic,

2007; Griffin, 2008). With an extranet, each organization moves particular information outside of its private intranet but makes the information accessible only to certain other organizations, which share the extranet. The extranet maximizes the communication advantages of an intranet to those outside the organization (Ahmad & Sharp, 1999). It also allows easy sharing of ideas, easy access to product information, pricing, company information and policies and can, therefore, be used to train and support value-added resellers and manufacturers' representatives (Roadcap *et al.*, 2002). Anandarajan, Anandarajan and Wen (1998) asserted that extranets have been defined as "... one of the hottest technologies in 1997" because they can facilitate the exchange and processing of high volumes of business data from one computer to another.

It is noteworthy that the word extranet is credited to Ethernet inventor Bob Metcalf (Vlosky, Fontenot & Blalock, 2000). It is claimed that there is still some perplexity over the accurate meaning of the term but the most generally accepted definition is that it is a network that uses the Internet to link company intranets in order to boost mostly B2B rapport. Riggins and Rhee (1998) defined extranets as either (a) intranets, which enhance coordination with current trading partners or, (b) supranets, which exchange information to collaborate with new team members. Riggins and Rhee (1998) also illustrated competitive advantage through extranets as follows:

- Unique information: the competitive advantage is obtained when the system offers valuable information that is only accessible to authorized users of the extranet;
- Process restructuring: externalization exists when users of the extranet attempt to adjust their internal business processes according to the information offered by the extranet;
- Higher-level management decision support: internalization happens when information from the extranet is directed at the upper-level of management or decision-makers as opposed to operational management support.

In another study by Riggins and Rhee (1998), intranets, with which individual organizations preserve proprietary access to an exclusive information product, are considered to be better candidates for accomplishing significant competitive advantage, while the use of a supranet assures significant efficiency improvements and better interorganizational team coordination. A consortium-sponsored supranet may easily be copied by competing ecosystems. Cody and Hope (1999) concluded that extranets could either have a positive or negative influence on an organization's competitive status. Unfortunately, very few people could recognize their effects on service quality and measurement instruments remain unidentified as well. One problem that should be taken into account is that training costs sometimes can but sometimes cannot be calculated accurately for training the relevant individuals in how to use an extranet.

Contemporary organizations invest in sophisticated e-business techniques, which apply intranets, client extranets and supplier extranets to re-incorporate and reintegrate internal and external communications (Windrum & de Berranger, 2003). Organizations can use extranets as follows: (a) establish direct private network connections between themselves; (b) develop private secure Internet links between them called virtual private networks; (c) use the unsecured Internet as the extranet link between its intranet and stakeholders but depend on the encryption of critical information and its own firewall systems to offer satisfactory security (O'Brien & Marakas, 2006). Hence, extranets provide numerous examples of the capability to access chosen intranet websites and other organizational databases. O'Brien and Marakas (2006) compiled the list of areas of business value generation of extranets as follows:

- The Web browser technology of extranets provides suppliers and customers access to intranet resources quicker than old business applications;
- Extranets allow organizations to innovate different types of interactive Web-enabled services for their business partners;

- Extranets can develop and reinforce strategic partnerships with an organization's stakeholders and shareholders;
- Extranets can enhance collaboration by an organization with its partners and customers and
- Extranets can smooth the process of interactive product development, marketing and other business activities online and that might, ultimately, yield better product designs and delivery to the marketplace more quickly.

Concisely, accuracy and timeliness of information, as well as speed of response, are important aspects of successful extranet relationships (Vlosky *et al.*, 2000).

Just as with intranets, one can only access an extranet with a legitimate username and password and the nature of the personal identity specifies which segments of the extranet may be accessed (Norton, 2006). Most notably, extranets are far more economical to use than developing and controlling the proprietary networks typical of electronic data interchange (EDI) systems, because extranets utilize the present Internet infrastructure, including standard servers, e-mail customers and Web browsers (Ferris & Whipple, 2000). Speaking of EDI, organizations frequently use it with vendors, suppliers and customers because it saves time and money. Transactions are transmitted from one organization's information system to another through a telecommunications network and the printing and handling costs of paper documents at one organization are diminished, as is the inputting of data at the other organization (Robbins & Coulter, 1999). However, analysts envisage that a genuine revolution in the future will occur with system development for global procurement of wholesale goods and services and, therefore, extranets will be fundamental to making that dream come true. Alternatively, some may argue that early adopters of extranets perceived their execution to be a way to achieve a competitive advantage over other firms. However, as more competitors adopt extranets, the system has now become less effective as a strategic tool in the struggle to remain competitive.



Unfortunately, extranets can be implemented only if all parties espouse definite application programming interfaces and common data models. Ferris and Whipple (2000:26) indicated two standards under active consideration: (1) Extensible Markup Language (XML) is a reclaimable metadata format that can use specific words to define data; the WWW Consortium supports XML and (2) the information and content exchange (ICE) is a protocol dependent on XML identifying how content is to be used, how often it is to be revitalized and what characteristics it contains. In particular, ICE manages and automates the organization of syndication relationships, data transmission and outcome measures. Additionally, "... the current standard, Hypertext Markup language (HTML), describes documents on the Web by wrapping tags around a phrase or block of text. Its capability to describe data is limited; therefore, HTML is only marginally useful to e-commerce and Web-based EDI (*ibid.*)" Critically, organizations should take into consideration the following before dedicating resources to an extranet:

- Develop a precise, transparent map by management and all executives of the organization;
- Identify specifically who does what and who is to be held accountable for any contribution to the venture;
- Consider who the stakeholders or stockholders are who are ready to be engaged in the design process;
- Specify which software is to be utilized or decide to develop an appropriate one;
- Ensure that there is the capacity to develop connections and hire reputable consultancy firms;
- Plan how much time and cost will be required to execute the project successfully;
- Be aware of all legal consequences involved and
- Determine how the extranet will work and get larger.

McCalman and Paton (1992) urged organizations continuously to question the following, bearing in mind the objectives, nature and effects of the proposed and anticipated change:

- How autonomous are the systems?
- What relationships exist?
- How relevant are they?
- Will developments lead to a re-definition of boundaries?
- Can the complexities of the change environment be simplified?

In other words, a systems analysis process should begin with a comprehensive specification and analysis of the change environment. Then, investigators may be capable of focusing on reducing irrelevancies.

## **6. Recommendations for Future Studies**

An analysis of the effects of intranets and extranets in organizations would not be comprehensive and effective without a close examination of some of the quandaries that may be encountered by organizations relying on them. After an exhaustive review of the literature, the author found that the published research on intranets and extranets can be divided into three themes: (a) studies that reveal how organizations have utilized intranets and extranets; (b) studies that developed surveys of how many organizations have utilized or are in the process of applying intranets and extranets and (c) studies that recognized how organizations have obtained advantages by implementing intranets and extranets. However, there have been only limited investigations into perceptions of service quality when using intranets and extranets in organizations.

Further studies might explore individual differences including personality traits, needs and demographic characteristics, which affect the way individuals use the Internet in their daily routines and

activities. Despite the fact that there is a rising level of agreement among academics concerning the advantages of computer-assisted counseling, there is still little research regarding how computers contribute to various organizational functions and additional explorations into new uses of the computer. More research is needed to answer many critical questions as technology is thoughtfully applied throughout our businesses. These are: (1) Do computers create or eliminate jobs? (2) What jobs can robots do to help a community? (3) What factors would lead a businessperson to stay current with the latest technologies? (4) What are the conditions that must be in place for technology to enhance the contribution of employees to organizations effectively? (5) How can technology serve as an extension of human competencies? (6) How do intranets improve the quality of information and lead to greater customer satisfaction? (7) What security measures can an organization take to thwart any attack on their intranets and extranets? (8) How can technology facilitate organizational transformation as it evolves and responds to the ever-changing marketplace? (9) What are the challenges that arise from training employees to use a different system and how to cope with the resistance that may occur? (10) What are some of the issues for shareholders regarding business conflicts due to changes in technology use in a company? (11) Are these issues still relevant if there is a corresponding change in related legal obligations?

Relatively little research has been made about the relationship between the system environment and use of computers by employees and employers in organizations or relationships between computing and organizational structure, employment, decision-making and legislative processes. More studies may explore a number of the ISPs in Thailand and to what extent they support organizations. Lastly, if Thailand is to emerge as a competitive ICT player and a knowledge-based society, it must improve its English language competencies. In order to achieve a respectable level of Internet access in Thailand, more studies must investigate how corporations can play a significant

role in developing their personnel's English skills, since English dominates the ICT world.

## **7. Conclusion**

The multiplicity of organizational structures, functions and activities are central elements affecting implementation of new intranets and extranets. To have a fair understanding of what an extranet is and why organizations are spending substantial resources in developing extranets, it was crucial in this paper to identify the terms Internet and intranets, which are considered the two fundamental modules of an extranet. The Internet refers to a network of millions of computers and networks and it includes webpages. It also provides innovative apparatus for organization development and management. Intranets are private networks using Web technologies to broadcast data and information steadily throughout an organization. Extranets are networks that offer stakeholders and stockholders access to internal segments of an organization's system. Some concluded that intranets modify the stream and content of internal communications, while extranets modify communications between the organization and its external environment.

It is commonly accepted that the major advantages of intranets and extranets, when compared to the Internet, are: (1) security, intranets and extranets grant a better security to their users and (2) guarantee of service, specifically high speed service (Edwards, Dawes & Karcher, 1998). Intranet benefits may include improved information access to authorized users, while employees can easily access information from anywhere with improved accuracy and speed. Meanwhile, extranet benefits could include the timeliness and accuracy of communications and minimizing errors, ease of use with little guidance and allowing the central management of paperwork, which facilitates single updates.

In a nutshell, the author sees that, in order to be victorious, intranets and extranets may entail a change in the organization's culture. As mentioned earlier, organizations can adopt technologies that satisfy and match their needs but only with full commitment and dedication demonstrated by the organization's employees and decision-makers.

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## **CONFERENCE REPORTS**

## **The 8<sup>th</sup> International Conference on Management, Finance and Entrepreneurship and the 10<sup>th</sup> International Conference on Economics and Social Science**

Shinawatra University has been cooperating with the International Foundation for Research and Development (IFRD) to organize conferences in Bangkok for several years. On a biannual basis, conferences are held at the Graduate Campus at the BBD Building, Viphawadi-Rangsit Road. There are benefits from this arrangement for both sides. From the university's perspective, it is evident that our graduate students have low cost access to international conferences which otherwise might be beyond them. They have networking opportunities as a result, as well as the opportunity to receive feedback on their own research while being able to benchmark their performance against their peers. This process, which we try to ensure takes place in a friendly and supportive environment, builds confidence in the students, while also helping to meet publishing requirements for graduation. IFRD maintains four academic journals and, of course, Shinawatra University has three such double-blind peer-review journals and many conference participants over the years have succeeded in publishing their papers through those journals.

So it was in January, 2016, when a one-day event combined the 8<sup>th</sup> International Conference on Management, Finance and Entrepreneurship and the 10<sup>th</sup> International Conference on Economics and Social Sciences. The event was successfully concluded and an audience of presenters and observers from various countries enjoyed the contributions made. Among the presenters from Shinawatra University, Dr. Sirirat Ngamsang gave the paper "The Management of Confucius Institutes in Thailand," Dr. Petcharat Lovichakorntikul spoke on "The Everyday Politics of Mandalay Street Vendors," Dr. Fuangfa Ampornstira gave the paper "The Belt and Road Initiative and Its Impact on SEAN" and Thanan Apivantanaporn addressed the

audience with “The Use of Renewable Energy Sources and Carbon Reduction Techniques in Thailand’s Tourism Sector.” Other notable participants included Dr. Chanchai Bunchapattanasakda, Dr. Wuttipong Pongsuwan and Dr. Amporn Sa-Ngiamwibool.

As ever, I am indebted to many other people for their support in making this conference people. This includes (but in no means is limited to) Prof. Rao from IFRD, Aj Boonta Wissawapaisal, Chief Information Scientist, Aj. Wilaiporn Lao-Hakosol and K. Ratana Palasak, Secretary of the School of Management.

Academic discourse such as we aim to encourage helps people to understand the world the way it really is, with what Gramsci famously called pessimism of the intellect and optimism of the will. This is a small but meaningful ray of light in the struggle against the darkness of suppression and tyranny from which so much of the world so greatly suffers even now in the second decade of the twenty-first century.





**Figure 1:** *Four Presenters from Shinawatra University: clockwise: Dr. Sirirat Ngamsang, Dr Petcharat Lovichokornতিকul, Thanan Apivantanaporn and Dr. Fuangfa Ampornstira; source: Author*

*John Walsh, Shinawatra University*

## **BOOK REVIEWS**



Event

Slavoj Žižek

London and New York, NY: Penguin Books, 2014

ISBN: 9-781846-14626

VIII + 212 pp.

Events rupture the ordinary course of life and provoke significant change whether it is at the personal or the societal level. It can be an epiphany, the act of falling in love or some trivial thing that nevertheless provokes the change described. Žižek provides an initial definition: “At first approach, an event is thus *the effect that seems to exceed its cause* – and the *space* of an event is that which opens up by



the gap that separates an effect from its causes (p.3 – emphasis is in the original).” Must an event have a cause? To say that it must is to follow the transcendental approach to philosophy, while to argue otherwise is to be part of the ontological or ontic approach. In the Buddhist tradition, knowledge can come from within and may be released through meditation and the greatest event of all is that moment when enlightenment is achieved, perhaps in the form of the lightning bolt of Vajrayana (Zen) Buddhism. In western philosophy, understanding of the event (*ereignis*) is most closely linked to Heidegger, where it takes the form of catastrophic change after which it is impossible to return to the conditions of the past.

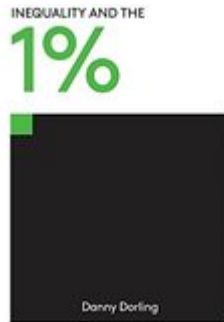
This event is the subject of this book by the notorious Communist bad boy of contemporary philosophy Slavoj Žižek. It is part of a series entitled *Philosophy in Transit*, which also includes *Truth, Self and Why Grow Up?* The conceit is that these books can be read during the course of a commute, hence the transit in the series title. I don’t know how long the other books are but I imagine Žižek has pushed the idea to the limit. He set himself as his task a “... journey through Event as Fall, Event as Enlightenment, the three philosophical Events and the three aspects of Event in psychoanalysis. After confronting the possibility of undoing an Event, we reached our final destination by outlining the contours of a political Event (p.190).” This is quite a lot of material to cover and the pace can be a little rapid, especially since the author includes his usual quota of jokes and extensive references to popular culture. Hitchcock makes several appearances, while there is also space for Ted Hughes, the Tarkovsky film version of *Solaris*, *Mansfield Park* and *DARPA*. In order to accommodate all of these elements, there must be confidence in the structures of his thought. Here, for example, is his summation of western metaphysical philosophy:

“There are three (and only three) key philosophers in the history of Western metaphysics: Plato, Descartes and Hegel. Each of them enacted a clear break with the past: nothing remained the same after they entered the scene. Plato broke

with pro-Socratic cosmology in search of the inner harmony of the universe, and introduced metaphysical idealism; Descartes broke with the medieval vision of reality as a meaningful hierarchic order ... and Hegel broke with traditional metaphysics – idealist or materialist – and introduced the era of radical historicity in which all solid forms, social structures and principles are conceived as results of a contingent historical process (p.77).”

Hegel, of course, is one of the heroes of the text and another is Lacan. Marx makes only a fleeting appearance but his influence may be discerned more broadly. The text is dialectical in nature throughout, with sudden reversals and abrupt changes of direction which ultimately result in the negation of the negation: “At a more conceptual level of his logic of reflection, Hegel uses the unique term *absoluter Gegenstoss* (recoil, counter-push, counter-thrust, or simply counter-punch) to designate a withdrawal-from which *creates* that from which it withdraws (p.47).” This is the mechanism that is at the heart of the strategy for making claims and arguments. Not everybody appreciates this approach to the world, of course, for a variety of ideological or aesthetic reasons. Yet the sheer proliferation of books, articles and papers by the great man indicates that he spends his time more productively than worrying about what others think of him.

*John Walsh, Shinawatra University*



## Inequality and the 1%

Danny Dorling

London and New York, NY: Verso

ISBN: 978-1-78478-207-8

248 pp.

As the results of the disastrous Thatcher-Reagan neoliberal revolution become ever more evident, the intellectual state apparatuses of the 1% launch themselves into ever more absurd defences of the ‘wealth creators’ and argue that ‘there is no alternative.’ Since these voices dominate the mainstream media, it is particularly important that we have recourse to the works of public intellectuals such as Danny Dorling. Newly installed at the University of Oxford, Dorling continues his extraordinarily prolific career with a close evaluation of the impact of the growing systematic and structural inequality brought about by neoliberalism. The central question is summarized in the title of the first chapter, ‘Can We Afford the Superrich?’ In answering this question (spoiler alert, it is ‘no’), Dorling considers not just the impact of having a small number of extremely rich people, their desire to Hoover up the choicest assets of the world (e.g. central London mansions) and their negative impact on democratic governance, he

also considers the impact on the rest of us. As we know from the forensic work of Pickett and Wilkinson (2010), inequality is strongly correlated with a wide range of negative societal outcomes, from early deaths to obesity to teenage pregnancies. The central concept is easy enough to envisage: when people live in communities in which people have more or less the same as they have, then even if they are comparatively poor it is a situation that they can manage. By contrast, when people live in a community where there are others (even a small number) who have much more than they do, then they suffer stress and esteem issues that lead to those negative outcomes mentioned above. Under conditions of neoliberalism, even those societies which appear to be built on solid foundations of ample social capital rapidly turn into nightmarish caricatures of themselves (e.g. Chang, 2012). Is this a sustainable situation?

Dorling's approach is rooted in careful analysis of primary and secondary data. His focus is on the wealth of the 1% and, specifically, that much smaller proportion within that group with wealth that is increasing ever more rapidly – that is, the 0.01%. Often, people supportive of the current system reach for the long-held and always disreputable trope of the 'underserving poor,' which in previous times saw those in difficult circumstances held in poorhouses until such time as they could somehow miraculously find the means to support themselves and their families. "Among the top 0.01% are people who fervently believe that inequality is good, that the poor deserve nothing more than to be poor because they do not have it in them to be any better, and that the rich are worth their riches. Most of the top 1 per cent appear not quite as deranged and driven but they are a hard group to survey, let alone tax, so it is time we took a closer look at life at the top and its effects on us all (p.25)." It is worth pointing out here that the focus on the book is primarily on the UK, which is well-known to be the second-most unequal society in the western world, behind only the USA, which can only maintain its system by the creation (and privatization) of a prison industry on a scale vaster than the Soviet Union's gulags. However, the UK does have one mitigating

advantage, which is that it is at least arguably a post-religious society (cf. Sparrow, 2014). In countries where religion maintains its grip on the throat of society, especially those religions which confound the accident of birth with virtue, the ability to bring about progressive change is constrained even further.

That the possession of extreme wealth is unrelated to personal abilities is demonstrated by the paucity of creative or entrepreneurial talent among the 1% and the preponderance of bankers. That there is no relationship between long-term corporate performance and the excessive pay of leading executives has become well-established. Many are simply the offspring of individuals who made their money under dubious circumstances, like Donald Trump, David Cameron and the majority of the British aristocracy. They use at least part of their wealth on making sure their children are not susceptible to the vagaries of social mobility through the sponsorship of private health schemes and, in particular, private education:

“Theories of the inherent inferiority of the poor circulate among the elite. Often those theories are bolstered by an upbringing full of hints that privileged children are superior and born to lead. Consider how the world must seem through the eyes of a young scion of a wealthy family. As a boy, you attended a school in a suit and tie, maybe even a frock coat. You are aware that your ‘education’ cost an ‘awful lot’ – a fortune if you boarded. You might not know just how expensive it was by most people’s standards. How can you make sense of your situation other than by believing that you are somehow special, and that all this extra attention was in some way warranted? Your school might even help you firm up that belief by making you take an exam that only the truly gifted (they say) could pass (p.98).”

Dorling writes well and, as the acknowledgements indicate, has editors and readers to assist with any infelicities that might have infiltrated the text. He also writes with some passion, especially when

dealing with the human costs of the crisis of austerity inflicted upon the British people by the Conservative-led coalition and the egregious George Osborne. This book was first published prior to the Conservative general election victory that gave that party a majority in its own right and an afterword deals with the impact of that unexpected outcome: “Lives are being destroyed, people shamed, and moral crimes verging on atrocities being committed. Many thousands of elderly women have died prematurely, many times the number [infamous mass murdered and medical doctor] Harold Shipman killed and each of them suffering a more painful fate than his lethal injections (p.187).” Dorling has the facts and the close analysis to support his claims (see, for example, Dorling, 2014). Britain is not part of the Eurozone and so its government has no requirement to inflict the misery of austerity on its poor; it is doing so by choice.

Inevitably, the question must be raised of what is to be done? Dorling hints once or twice that the political situation across the western world is becoming similar to those that have brought about revolutionary struggles in the past. He does not call for revolution but, choosing the path of Adam rather than Satan at the end of *Paradise Lost*, prefers the slow, difficult approach of kindness to all:

“What is needed is understanding and generosity, hope and perseverance, but above all kindness. Kindness is patient, it does not envy, it does not boast, it is not proud, it is not self-seeking. Every kind action is worthwhile. The greedy waste their own lives through their greed. They are not worthy of envy (p.193).”

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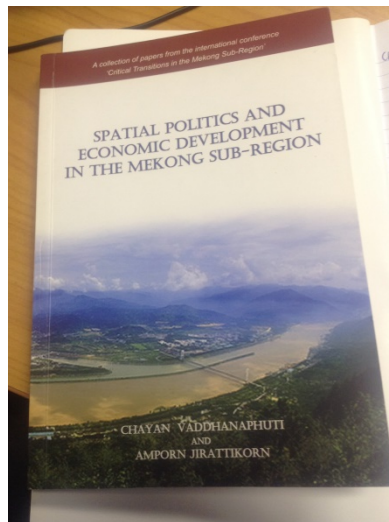
Chang, H.-J. (2012). “South Korea’s economic reforms: a recipe for economic unhappiness,” *The Guardian* (April 2<sup>nd</sup>), available at: <http://www.guardian.co.uk/commentisfree/2012/apr/01/south-korea-recipe-for-unhappiness>.

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*John Walsh, Shinawatra University*



Chayan Vaddhanaphuti and Amporn Jirattikorn, eds.

Spatial Politics and Economic Development in the Mekong Sub-Region

Chiang Mai: The Regional Center for Social Science and Sustainable Development (RCSD), Faculty of Social Sciences, Chiang Mai University

ISBN: 978-934-672-600-9

XII + 196 pp.

This collection of seven thematically-linked papers has its origin in the 2007 conference entitled 'Critical Transitions in the Mekong Region,' organized by the Regional Center for Social Science and Sustainable Development (RCSD) in Chiang Mai in northern Thailand. That this volume – there is a companion volume named *Transcending State Boundaries: Contesting Development, Social Suffering and Negotiation* – did not appear until 2011 indicates some of the problems that editors have in bringing together a completed work of this sort. That there are just seven papers but they have to be divided into three sections further indicates these difficulties and there are various other forms of internal evidence which highlight the difficulties which editors can face and with which I feel considerable empathy. Not the least of the problems is that of timeliness: a conference paper presented in 2007 may be using data gathered in 2004 or 2005 and relying on or at least influenced by conceptual frameworks and ideas prevalent at the time. For such papers to appear four years later, no matter how extensively they may have been revised in the meantime, exposes them to the risk of having become outmoded intellectually or challenged by changes in laws and the relentless progress of events. Nevertheless, the book contains much to recommend it, not the least is the importance of supporting events by the RCSD, which is based at Chiang Mai University and which is one of Thailand's leading seats of learning outside of Bangkok. A second source of commendation derives from the different approaches to the central concept of the interaction between spatial politics and economic development in the Mekong Region. The first decade of the current century witnessed very significant changes in the political



settlement of the various countries of the region. Vietnam and Lao PDR explicitly added market-based mechanisms to continuing monolithic political control in ways that echoed the previous movement in China, which was in turn finding that the adoption of capitalism in its economic system inevitably drew it into altered and, in some cases, conflictual relations with geographic neighbours and sometimes ideological allies. Cambodia and Myanmar took steps, although perhaps more limited steps than might be desired, away from authoritarianism and towards becoming regimes that recognised the legitimacy of some additional voices. Thailand, meanwhile, reached an apogee of contemporary democratization in the region only to be dragged back to regressive dictatorship by a deeply-entrenched elite and its useful idiot allies. Not all of these issues or countries are explicitly addressed in this collection but the events described nevertheless from the context in which the research described should be seen.

The first decade of the twenty-first century was also the period when it became impossible to discount the dangers of man-made global climate change in rational political discourse. This is manifested in one of several dimensions by which spatial politics has been addressed here and this is the case of environmental management and burgeoning conflict over scarce and diminishing resources. Water is perhaps the most potent symbol of this conflict. The Mekong Region has been characterized historically by the reliance of its societies on wet paddy rice farming and by their ability to expand and form their states by bringing previously unused (and often dangerous) land across the other side of the water barrier. Water issues are explicitly addressed by Carl Middleton in "The ADB/WB/MRC 'Mekong Water Resources Assistance Strategy: Promoting Large Water Infrastructure with Trans-Boundary Impacts'" and by Han Hongyun and Sitanon Jedsipat in "Cooperation between China and the Lower Mekong States for Shared Water: Problems and Challenges." The latter touches upon issues raised by Grant Evans in "The Southwest Drift of the Chinese," although with a rather more optimistic set of

assumptions that have yet to be verified in reality. A significant body of water is also the centre of attention in Mak Sithirith and Carl Grundy-Warr's admirably self-reflective "Representation and Contestation of Space: The Tonle Sap," which draws upon an extensive series of interlinked research projects. Perhaps the only disappointing note is with the opening paper, which is from Jim Glassman, who is one of the most well-respected and trenchant scholars of the political economy of the Mekong Region but whose contribution here, "The GMS and Thailand's 'Spatial Fix'" is something of a pale imitation of the fully-developed version of his thesis. Nevertheless, all the papers do add to the collection and, if they are some noticeable editing issues, these are relatively unimportant in the context of producing the book altogether.

One of the more notable issues relating to understanding the Mekong Region is that so much of the generation and distribution of knowledge is conducted by people from outside the region in locations outside the region. Consequently, any meaningful attempt to produce knowledge within the region is a step towards redressing that imbalance. The development of the capacity and competency required to produce such knowledge is a long-term effort and this is another milestone.

*John Walsh, Shinawatra University*

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### Historical Background

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



## Coat of Arms

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



 The color gray symbolizes a love of discipline

 The color green symbolizes being one with society

 The color orange symbolizes new beginnings through learning

## Key Performance Indicators

- 100% graduate employment with very high average salaries.
- Top 10% of all higher education institutes accredited by The Office for National Education Standards and Quality Assessment (Public Organization) ONESQA.
- Ranked 2nd by ONESQA among private higher education institutions in Thailand.
- Education Standards of SIU and all its schools in 2006 were unconditionally approved by ONESQA
- Faculty members with leading research performance as assessed by Thailand Research Fund (TRF).
- Over 70% of faculty members with doctoral degrees and 60% hold academic rank position.
- Prestigious TRF Royal Golden Jubilee PhD Scholarships awarded to 20% of faculty members.
- More than 30% of faculty members and 20% of students are International
- More than 50% are graduate students.
- NRCT research grants awarded to faculty members.



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