HUMAN RESOURCE MANAGEMENT PRACTICE IN A POLITICAL ORGANIZATION FOR PEACEFUL DEMOCRACY

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ABSTRAT

The attempt of this paper is to find the scope of using effective human resource management practice of a political organization for peaceful democracy. Due to lack of formal human resource management practice, the political organizations of a democratic country are not being able to manage their internal conflicts as well as ensuring a peaceful democratic political environment. This is a descriptive nature of research under conclusive research. As per the model summary in the results section of this study, it is examined that the relationship between the dependent variable and the independent variables is strong (R=.73) and the dependent variable is 53 percent influenced by the independent variables that are included in the model. (Adjusted R Square = .53). Therefore, a conflict free peaceful democracy depends on the formal practice of human resource management as an institutional approach. If the political organizations of a democratic country follow the major factors of formal human resource management, it will be possible to manage internal conflicts of a political organization as well as the peaceful democratic environment.

Key words: Human resource management, Political conflicts, Peaceful democracy.

INTRODUCTION

A large number of political activists and different level of political leaders within a political organization work toward a goal, that is, to win power for arriving at the government platform for creating, communicating, and delivering political services to the people of a State (Datta, U.K. 2014). In this statement, it is observed that each and every political organization in democratic country are marketing services and performing all marketing activities knowingly or unknowingly. In marketing literature, marketing is the activity, set of institutions and process for creating, communication, distribution and exchanging offerings that have value for customers, clients, partners, and society at large (AMA, 2013). However, a political organization while performing

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its political activities does not follow institutional approach. In the article, "A Model for Designing a Deliverable Political Product to Win Power for a Peaceful Democracy" (Datta, 2017) the author said, "*All political organizations in a democratic country can set formal branch offices under a formal head office and apply the model for offering a deliverable political product (a set of plans and programs, and candidates) for using a competitive political product strategy to win political power for a peaceful democracy"* In this connection, a political organization needs a formal approach containing an effective organogram, qualified and skilled human resource in achieving its political goal in arriving at the government platform for providing political services effectively and efficiently. Lack of formal knowledge in service marketing like a commercial or social service providing organization, very often, there are some internal conflicts among the activists and leaders at different levels in a political organization in terms of winning leadership, candidateship, exercising power, corruption, and external conflicts with the oppositions which causes sometimes even civil war. For example, 21st August 2002 attack on the Bangladesh Awami League has discouraged peaceful power transfer in Bangladesh. Datta, 2017 has suggested to a political organization to set a branch office in each and every constituency under a formal head office as the new way of selecting local political leader or candidate and designing a local political product to attract the local political market instead of a large number of political activists and leaders who are in local conflicts for becoming local leader, exercising power, corruption, killing of the oppositions etc. In this context, a political organization needs to recruit qualified and skilled human resource in operating local branch office and head office. In the existing old aged political system, qualified and socially accepted political activists and leaders are not coming forward for peaceful democracy (Datta, U.K, 2014). Therefore, a structural change of a political organization and recruiting and selecting socially accepted political leaders, formal practice of human resource management is very imperative in the execution of Datta model of political services marketing for peaceful democracy (Datta, U.K, 2016). This research has identified a dependent variable and four independent variables through related literature review and examined the relationship among the variables by regression analysis based on primary survey data for finding the scope of using human resource management practice in a political organization by employing qualified and skilled political leaders instead of a large number of conflicting political activists and leaders for ensuring peaceful democratic practice.

LITERATURE REVIEW

1. Conflict Free Peaceful Democracy

Democracies have been defined differently by different theories and researchers: (Small and Singer, 1976) define democracy as a notion that (1) holds predict elections in which the opposition parties are as free to run as government parties, (2) allows at least 10% of the adult population to vote and (3) has a parliament that either contracts or enjoys party with the executive branch of the government. In analyzing this definition, it is found that democracy is just an idea for electing a political party as a government party based on maximum voters' mandate. So, the idea may be modified as a new way of democracy as (Datta, U.K, 2017) has defined in his article because, most of the ideas are being modified over time, but old aged conflicted democratic system is not being modified in selecting quality candidates, institutional approach as a quality political services marketing political organization since its inception. (Weart, 1998) argues that the peacefulness appears and disappears rapidly when democracy appears and disappears. It is found that there is a correlation between appearing democracy and appearing peacefulness. In fact, peaceful democracy depends on socially accepted behavior of the political activists and leaders of the political organizations of a state or country. Democratic peace theory is a theory which posits that democracies are hesitant to engage in armed conflict with other identified democracies (Michael Doyle's Kent, 1983). The author rightly stated here that the existing idea based democracy engage in tentative armed conflict in terms of killing of the opposition, showing muscle for becoming local and national political leaders among the own political organization as well as the oppositions. Current leadership should be removed because of its track record of policy setbacks and incompetency. Furthermore, policy failures in one issue area can induce opposition against regime policies in other policy domain (Allee. L.Toodd at al, 2002). In analyzing this literature, it is found that the author has suggested removing the current leadership development for making effective policy and plan for solving the people's problems for peaceful democracy. Therefore, formal recruiting and selecting leaders can provide quality and skilled leaders for effective policy and plan for a population of a state. Politics and conflicts sometimes capture an organization in whole or significant part, giving rise to a form we call the political arena (Henry Mintzberg, 1985). In this statement, political conflicts are significant drawbacks for organizational success. Political leaders play an important role in facilitating peace and tranquility. Their vitality is appreciated due to the fact that they have followers-people who believe in what they say and act accordingly (King, et al,2015). In this statement, quality of leaders of a political organization depends on recruiting and selecting quality leaders who have enough knowledge in performing the related political activities. Here is urgency for practicing human resource management for hiring knowledgeable, skilled leaders or executives to operate the political organization effectively and efficiently in achieving the organizational goal. Norman, 2013; 1998 said that Development gurus, have a view that peace it a totality of absence of torture mentally and physically, which in due course fosters human activities that lead to development. He argued that leaders should create a mentally and physically torture free environment where subordinate can be motivated in performing their activities for the organizational development. Norman also said that plans and strategies to get in power should always be responsive to peace and tranquility. In this connection, proper planning and formulating strategies to achieve the goal of an organization calls for knowledgeable and skilled political leaders in creating internal peaceful environment as well as the competitive organizations. Therefore, recruiting and selecting political leaders based on their job responsibilities is very imperative to make democratic and strategic decisions to smoothly operate the political organization for a competitive position with the oppositions without any force creating conflicted attitudes.

2. Organogram of a Political Organization

Political parties as organizations with internal rules and structure that aim to promote certain policies, gain power within the government, and inspire loyalty and party “Brand” among voters (Hershey, 2011). As per this literature, the main focus of a political organization is to make political policies and win power under a structure. So political organizational structure or organogram should be productive in winning power. In recent years, scholars have begun to study organizations as systems of activity, rather than as collections of individuals, and to do so quantitatively and with real as opposed to stimulated organizations (M. Margaret Connay and Joanne Conner Green, 1990). In this statement, a political organization is a system of activity rather than as collections of a large number of activists and political leaders. On the other hand, a large quantity of activists and leaders throughout a state often conflicts in terms of leadership, candidateship, local corruption which is a drawback to a stimulated political organization in winning political power to deliver better political services to the political market. Therefore, a very formal and activity based political organization is imperative in formulating plan and program in creating, communicating, and delivering political services to ensure best political services to a political market (a set of present and potential voters). The ultimate electoral objective of a party is not to maximize the number of people who express an attitudinal preference for it but rather to be able to contest elections effectively (Frendreis et al, 1990) In fact, a political organization is run by forming a large number of countrywide local committees under a central committee at the political headquarter. This central committee is called the Central Working Committee. For example, The Bangladesh Awami League is operating its political activities under the central working Committee that comprises the top leaders of the party. It is currently composed of 81 full members and 29 alternate members. Members are elected once in every three years by the National Conference. The Central Working Committee is made up of the following; The Party Presidium: The party President; 17 Presidium Members, the General Secretary; 4 Joint General Secretary; Treasurer; 28 Additional Members; 29 Secretaries of the Sub Committee (The Daily Star, Oct.30, 2016). In examining the structure of the political organization, it is found that there is no consistency between the Central Working Committee and the number of ministries for expert executives to operate the specialized ministries in creating, communicating, and delivering political services to the specific segments of the political market as (Datta, U.K, 2017) suggested in his article "A Model for Designing a Deliverable Political Product to Win Power for a Peaceful Democracy." He said "Each political organization should establish a formal head office to control all branch offices' activities having a managerial organ gram consisting especially two important positions; Vice-president Political Services Marketing and Vice President Finance. After winning a political organization, the Vice-president marketing will be the minister of planning and the Vice-president finance will be the minister of finance because they will specially assign for aggregating all plans and programs from all constituency or an electoral and executing these plans as a committed political product by using all government agencies under the related specialized ministries." In this context, a political organization should develop a formal organogram for recruiting expert and specialized Vice Presidents for specialized ministries of a State as they can perform their specialized political activities over the specific ministry effectively and efficiently.

3. Recruitment and Selection Process of Political Leaders or Executives

A political organization needs quality and skilled human resource under an activity based organogram for effectively operating its political headquarters and branch offices in each constituency in designing a national and local political product (emotional and functional benefits of the basic principles + election manifesto + past performance or brand image of a political organization) (Datta, U.K.2017). Belatedly but energetically, early lines of scholarly inquiry into political career lines and selection mechanisms are being retracted and extended. In 1919 MaxWeber's influential lecture " Politics as a Vocation" was published; In America bench-mark studies such as those of Gosnell (1935;1937) Salter 1938) and Zink (1930) followed using vignettes to show how the careers of ethnic group leaders, legislators, or city bosses could be made or wreaked by turns of luck quite as much as by either merit or maneuver, the 1950s and 1960s studies like those of Cchlesinger (1957), Eulau and Sprague 1964, and Milbrath (1963) used more rigorous measuring instruments and more extensive samples of evidence in order to identify changing skills patterns organizational screening devices, and shifting power bases as aspects of political recruitment. Political recruitment is a generic process by which institutions fill political offices through mechanisms that narrow the entire population to a few who hold office (Prewitt, 1970a). It is a selection process that enables the narrowing down to a few political leaders from a wider population. In this literature, the author said a political organization is an institution which needs to recruit and select a few officers and leaders from a wider population (supporters, activists, leaders). Therefore, here is a scope of human resource management practice in terms of recruiting job description oriented executives/political leaders for effectively operating a political headquarter and country-wide branch offices. (Schlesinger 1984) attempts to define parties by their behavior and by the factors that drive this behavior. He notes that parties operate in a political market and their behavior is driven by performing political functions. Schlesinger views political parties as organizations like any other business operating within the market. He stated that some factors drive the behavior of a political organization, and of course, this behavior depends on the recruited and selected quality officers and executives. In recent years, most of the people (political market) are not satisfied with the political activists and leaders' behavior. In fact, a political organizational success depends on its quality recruitment and selection process in appointing skilled political officers or executives who may best serve the people (political market) with excellent behavior. He also viewed all political parties as business operating organization within the market. So, all political organizations can practice human resource management for effectively operating their political activities in the respected political market. The recruitment of political candidates is a basic function of political parties; a party that cannot attract and then nominates candidates surrenders its elemental opportunity for power (Lester G. Seligman 1961). In examining this statement, it is found that attracting voters for winning political power at arriving on the government platform to serve a political market depends on recruiting and selecting knowledgeable, experienced or skilled executives at all political branch office and the political headquarters. In the 11th National Election of Bangladesh, 2018, Bangladesh Awami League has recruited candidates based on research findings. This attempt tends to the formal human resource management practice in politics. Because the organization has realized that attracting voters and winning power depends on quality candidates or human resources.

4. Conducting Training and Development

In practicing human resource management, all social and business organizations recruit and select their required positions of the organogram based on the specific job descriptions for hiring activity based experienced or non-experienced persons. Then the organizations arrange on the job or off job training to upgrade the level of related knowledge, skill, and attitude of the human resource in best operating their organizations. In fact, political parties are as business organizations (Schlesinger 1984), but very often, they do not follow any formal organogram, recruitment and selection process, training and development for a quality human resource like any other service providing business organizations. According to Schlesinger, as political organizations are like business organizations. So, all political organizations can apply all tools and techniques of human resource management like related services providing commercial and social organizations to best serve the target groups of the political market (Datta, U.K., 2016). According to Dressler (2003), the training and development process is recognized as useful for any organization. Therefore, all political parties as social organizations can apply training and development technique for organization development. Training and development are at the heart of an organization that seeks continual growth and improvement. It is a process of learning provided to new and existing employees acquiring knowledge and technical skills and developing attitudes of behavior in order to be more effective in their Job (Thonos Kriemadis and Amna Kourtesopoulou, 2008). In this connection, all political organization can arrange training for upgrading knowledge and skills of the existing and newly recruited political executive and leaders. Vinesh, 2014 said, "Training and development is the field which is concerned with organizational activity aimed at bettering the performance of individuals and groups in an organizational setting. According to this statement, there are individuals or groups in a political organizational setting who should be train up for better performance in a competitive political market to win political power in providing political services effectively and efficiently.

5. Compensation System for Corruption free Political Activities

Compensation is the remuneration received by an employee in return for his/her contribution to the organization. It is an organized practice that involves balancing the work-employee relation by providing monetary and non-monetary benefits employees (B.C.M. Patnaik and Prabir, C.P., 2012). In analyzing this literature, an employee or any worker wants monetary or non-monetary benefits as a return against his/her contribution to the organization that motivates the worker for organizational success. In fact, a political party basically is an organization, and a huge number of activists and leaders contribute to the organization voluntarily in winning power. But no direct compensation is given to them by the organization. If the organization arrives at the government platform, then only elected leaders get positions along with direct and indirect compensations. On the other hand, to become an MP or Minister one has to work as an activist cum leader for a long time getting no financial return from the organization. Hence, a candidate spends huge time costs, energy cost, psychic costs, and direct monetary costs for getting nomination and facing election without any compensation from the political organization as a return. Therefore, when one becomes MP or Minister, s/he becomes corrupted to recover the cost which is associated with his or her long time association with the political organization. So, as the measure of anti-corrupted politics, all political organization should adopt an activity based organogram and establish a strong fund for introducing compensation for each and every executives or leaders. The task of compensation administration is to develop policies and the terms of attracting, satisfying retaining and perhaps motivating employees (Anyebe, A. 2003). As per this statement, a political organization can develop policies and terms for offering direct and indirect compensation for all salaried and non-salaried executives or political leaders to attract quality leaders and office staff to motivate them in facing political challenges with the oppositions to win power and providing services.

CONCEPTUAL FRAME

In the above-mentioned literature, it is observed that many scholars have conducted research and written articles on political marketing, human resource management, political services marketing, and management in the context of social and commercial service providing organizations. But no research has yet been conducted on how a political organization as a social organization can develop a political activity based organogram, and recruit and select quality executive to operate its local and head office effectively to face the competitive attack of the oppositions, and arrange training for organizational development. The literature review and analysis also identified that lack of formal human resource management practice in a political organization, there are internal conflicts in terms of leadership and candidateship competition, recovering opportunity cost through corruption as compensation against time costs, energy cost, psychic cost, monetary cost. On the other hand lack of quality and skill political executives, there are some external conflicts with the oppositions in terms of political show-down, gatherings, processions, killing and missing of oppositions, terrorism, force creating power winning etc. It is observed that there is a relationship between the identified dependent variable; Conflict free peaceful democracy and independent variable; Developing a formal organogram of a political organization, applying recruiting and selection process for appointing quality leaders and executives, Conducting training for the leaders and executives, introducing compensation system for corruption free political activities. On the basis of the literature review and analysis, the conceptual model is developed as follows;

Conceptual Model

Y = Conflict Free Peaceful Democracy (CFPD)
X_1 = Developing a Formal Organogram of a political organization (DFOP)
X_2 = Applying recruiting and selection process for appointing quality leaders and executives (RSQL)
X_3 = Conducting Training and Development Program for the leaders and executives (TDLE)
X_4 = Introducing Compensation System for Corruption free Political Activities (CSCP)

$$\mathbf{Y = f\,(X_1.\ X_2.\ X_3.\ X_4)}$$

HYPOTHESIS

Ho = There is no significant relationship between formal human resource management practice and peaceful democracy.
Ha = There is a significant relationship between formal human resource management practice and peaceful democracy. [Accepted]

OBJECTIVE OF THE STUDY

The main objective of the study is to find out a scope of human resource management practice in a political organization and its impact on peaceful democracy.
The specific objectives are;

1. To examine the relationship of developing a formal organogram of a political organization and peaceful democracy
2. To identify the relationship of applying recruitment and selection process for quality leaders and peaceful democracy
3. To find out the relationship of arranging training for leaders and executives for organizational development and peaceful democracy.
4. To identify the relationship of introducing a compensation system to control political corruption and peaceful democracy.

METHODOLOGY OF THE STUDY

Research Problem: A political organization is a political service providing social and non-profit organization that gets chance for using government structure by voters' ballot contract for certain duration for creating, communicating, and delivering services. In spite of this, it has no formal activity based organogram and human resource management practice in facing competitive challenges to attract quality leaders or executives' and motivate them in achieving the organizational goal in a peaceful environment for ensuring a peaceful democracy.

Nature of Research: This is a descriptive research under conclusive research design.

Population and Sample Size: A political organization is always voter-market oriented. Therefore, the voter of a country is the population. Hence, the voter of Bangladesh is the population of this study. The sample size is 300 hundred graduate voters from different parts of the country who are HR managers in distinguished social and commercial organizations of Bangladesh.

Sampling Method: Justified technique under non-random sampling method has been used to select the sample size from the postgraduate students who have completed Post-graduate Diploma in Human Resource Management Course.

Source and Method of Data Collection: Data has been collected from Bangladesh Institute of Management where around 1000 postgraduate students in PGDHR 2018, are admitted from a different parts of Bangladesh who is the voters of the country. A face to face survey method has been used to collect the relationship score as quantitative data on an eleven points scale by using a structured questionnaire.

Types of Data and Analysis: Qualitative secondary data has been used for literature review to find out the scope of using major factors of human resource management in a political organization for peaceful democracy and identify the related major independent variables and dependent variables. SPSS made by IBM has been used for statistical analysis like table, graphs, and a linear regression to test the hypothesis.

Limitation of the Study: Secondary data was not available as no direct research has yet been conducted in this area. Foreign voters would not be comprised in the sample size to generalize the conclusion. However, similar respondents have been included in the sample size because all respondents were graduate voters at the university level of education.

RESULTS OF THE STUDY

Variables Entered/Removed			
Model	Variables Entered	Variables Removed	Method
1	X4 = Introducing the compensation system for corruption free political activities, X3 = Conducting training for the leaders and executives, X1= Developing a formal organogram of a political organization, X2 = Applying recruiting and selection process for appointing quality leaders and executives	.	Enter
a. Dependent Variable: Y = Conflict free Peaceful Democracy			
b. All requested variables entered.			

Model: A regression model has been developed for the purpose of this study. A total of 4 independent variables were included in the unrestricted model and finally, using the stepwise regression method, 4 independent variables were found to be significant in the restricted model.

The restricted Model is as follows:

$$\mathbf{Y}_{\mathbf{CFPD}} = \mathbf{a} + \mathbf{b}_{\mathbf{1\ DFOP}} + \mathbf{b}_{\mathbf{2\ RSQL}} + \mathbf{b}_{\mathbf{3\ TDLE}} + \mathbf{b}_{\mathbf{4\ CSCP}} \ldots\ldots\ldots\ldots$$

Y = Conflict Free Peaceful Democracy (CFPD)

X_1 = Developing a Formal Organogram of a political organization (DFOP)

X_2 = Applying Recruiting and Selection Process for appointing Quality Leaders and Executives (RSQL)

X_3 = Conducting Training and Development Program for the Leaders and Executives (TDLE)

X_4 = Introducing Compensation System for Corruption free Political Activities (CSCP)

Model Summary

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate
1	.733[a]	.537	.530	14.32064

a. Predictors: (Constant),

X_4 = Introducing the compensation system for corruption free political activities,

X_3 = Conducting training and development program for the leaders and executives,

X_1= Developing a formal organogram of a political organization,

X_2= Applying recruiting and selection process for appointing quality leaders and executives

$$\mathbf{Y = f\,(X_1.\ X_2.\ X_3.\ X_4)}$$

As per the above model summary, we see that the relationship between Dependent and Independent variables is strong (R=.73). Above table shows that the dependent variable is 53 percent influenced by the independent variables that are included in the model. (Adjusted R Square = .53)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	70094.148	4	17523.537	85.447	.000[b]
	Residual	60498.852	295	205.081		
	Total	130593.000	299			

a. Dependent Variable: Y = Conflict free peaceful democracy

b. Predictors: (Constant),

X_4 = Introducing the compensation system for corruption free political activities,

X_3 = Conducting training for the leaders and executives,

X_1 = Developing a formal organogram of a political organization,

X_2 = Applying recruiting and selection process for appointing quality leaders and executives

The ANOVA procedure tests the null hypothesis that all the (regression coefficient) -values

are zero against the alternative that at least one (regression coefficient) is not zero. That is,

H_0: $\beta_1 = \beta_2 = \beta_3 = \beta_4 .... = \beta_k = 0$
H_a: At least one β is not zero.

In the above ANOVA table, it can be seen that the null hypothesis is rejected (Since the Calculated value of F > Table value of F). In this case, we can conclude that the equation is statistically significant.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.757	3.487		1.364	.174
	X_1= Developing a formal organogram of a political organization	.231	.052	.233	4.421	.000
	X_2 = Applying recruiting and selection process for appointing quality leaders and executives	.228	.056	.219	4.095	.000
	X_3 = Conducting training for the leaders and executives	.309	.053	.289	5.882	.000
	X_4 = Introducing compensation system for corruption free political activities	.159	.051	.166	3.117	.002

a. Dependent Variable: Y = Conflict free peaceful democracy

β_1 = .23, i.e., 100% change in developing a formal organogram of a political organization leads to 23% change in the dependent variable.

β_2 = .21, i.e., 100% change in applying recruiting and selection process for appointing quality leaders and executives leads to 21% change in the dependent variable.

β_3 = .28, i.e., 100% change in conducting training and development program leads to 28% change in the dependent variable.

β_4 = .16, i.e., 100% change in designing a deliverable political product to win power in a democracy leads to 16% change in the dependent variable.

RECOMMENDATIONS

In analyzing the aforesaid findings and result section of the study, it is found that the hypothesis observation has been accepted. Therefore, a political organization can undertake decision in applying formal human resource management practice for appointing the activity based knowledgeable and skilled employee in controlling the conflicts among a large number of activists and leaders as well as the conflicts against the oppositions. The important recommendations are as follows;

1. The independent variable X_1 = Developing a Formal Organogram of a political organization (DFOP) influences 23% in the dependable variable Y = Conflict Free Peaceful Democracy (CFPD). On the basis of this result of this study, a political organization can develop an activity-based organogram [Appendix-1] in appointing limited leaders, executives, and support services in creating a peaceful internal environment for ensuring a peaceful democracy.

2. The independent variable X_2 = Applying Recruiting and Selection Process for appointing Quality Leaders and Executives (RSQL) influences 21% in the dependable variable Y = Conflict Free Peaceful Democracy (CFPD). In this context, each and every political organization can apply recruitment and selection process in filling the organogram based positions for quality leaders, executives in operating all branch offices at constituency level under a formal political head office in operating all political activities effectively and efficiently.

3. The independent variable X_3 = Conducting Training and Development Program for the Leaders and Executives (TDLE) influences 28% in the dependent variable Y = Conflict Free Peaceful Democracy (CFPD). Therefore, a political organization can undertake training and development program to upgrade knowledge, change attitude, and develop skill in designing an attractive political product, creating, communicating, and delivering political services to achieve the political goal successfully.

4. The independent variable X_4 = Introducing Compensation System for Corruption free Political Activities (CSCP) influences 16% in the dependable variable Y = Conflict Free Peaceful Democracy (CFPD). In this context, a political organization can compensate the employees of the organization to control corruption related conflicts of the present political activists and leaders. Though it needs a strong fund, the political organization can raise the fund based on national and foreign donations. On the other hand, a political organization can also set some social enterprises to provide some sort of political services and compensating the employees.

CONCLUSION

In the literature review, it is found that the major political organizations of a democratic country are basically performing all marketing activities as social organizations. They are conducting research in designing political product, setting prices for essential products for ensuring the fundamental needs of the country people, communicating to attract the political market or voter market, and delivering huge political services by using the government structure. But there is no formal practice of human resource management in appointing activity based leaders or executives instead of a large number of countrywide activists and leaders in controlling political conflicts in terms of bloody leadership competition, corruption, and unnecessary political processions, demonstrations against the oppositions. Instead of the traditional political culture, the major political organizations can operate their political organizations as institutional approach like other social and commercial organization for conflict free political movements. This is why a political organization needs a skilled and qualified workforce to perform the aforesaid political services marketing related activities effectively and efficiently. In this study, the hypothesis observation has been accepted and the conceptual model has been fit on the basis of the quantitative survey data analysis. The regression analysis proved that there is a strong relationship between conflicts free peaceful democracy and formal human resource management practice of the major political organizations. Therefore, all political organizations of a democratic country should reshape their political organizations by setting local branch office at each and every constituency under a formal political headquarters as other formal social organizations in society to control the unnecessary bloody political movements and the bad impact of huge activists and leaders involvement which causes internal local political conflicts and conflicts with oppositions for ensuring an overall peaceful political environments.

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APPENDIX-1

QUESTIONNAIRE

Human Resource Management Practice in a Political Organization for Peaceful Democracy

<u>“Please note that the information collected through this questionnaire is confidential and will be used for research purpose only.”</u>

Profile of the Respondent

1 Cell :			
2 Level of Education	Degree	Masters	Above
3 Name of Division			

Questions;

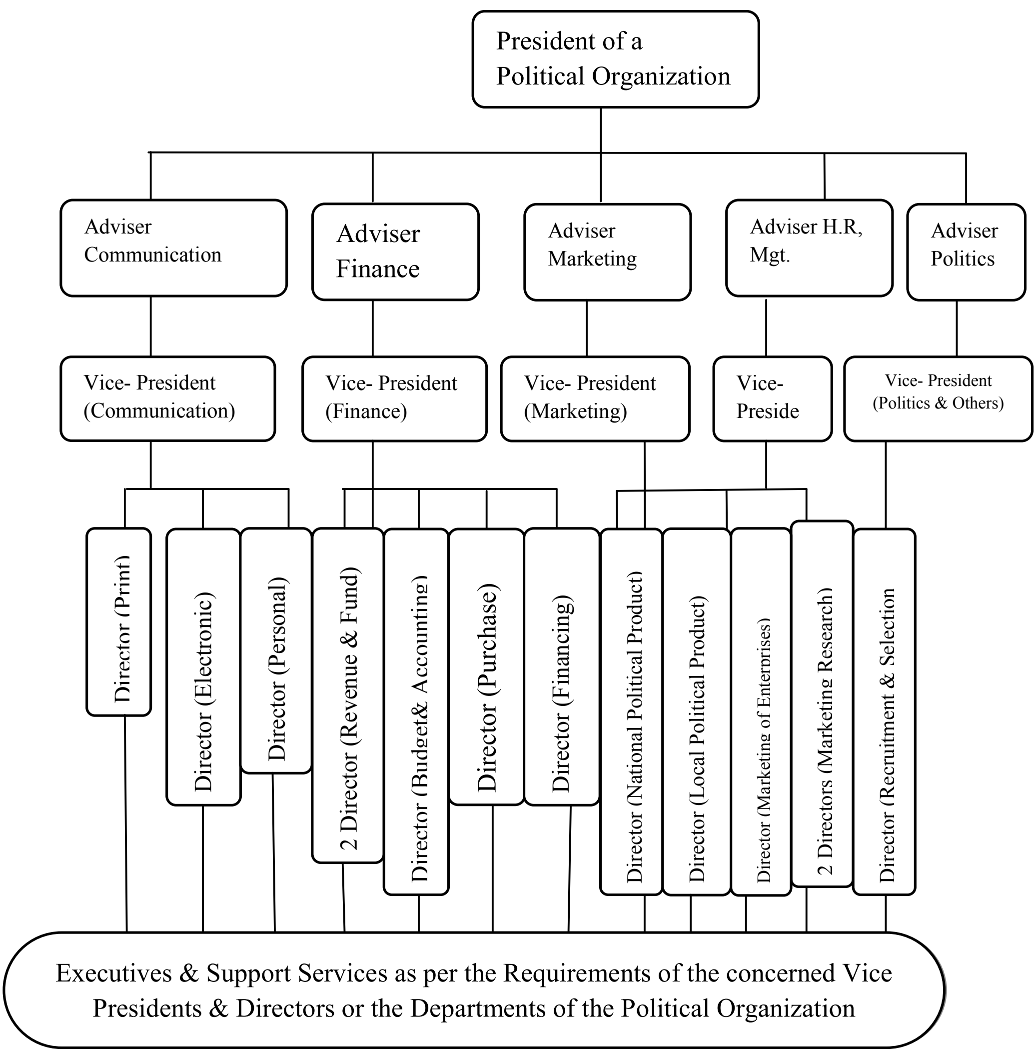
1. Y= How would you relate a peaceful democracy on formal practices of all tools and techniques of Human Resource Management like a formal organogram, recruitment and selection process, training and development, and compensation? [Pls check the following relation score on the 11 point scale]

Poor relation 0 - 10 - 20 -30 – 40 -50 -60 -70 -80 -90 -100 Strong relation

2. X_1 = How would you think that the following political activity based formal organogram headed by a president and ministry-wise vice presidents in matching the cabinet division for appointing specialized executives in each ministry and setting a formal branch office with salaried staff in controlling constitutional political conflicts for peaceful democracy? [Pls check the following relation score on the 11 point scale]

Poor relation 0 - 10 - 20 -30 – 40 -50 -60 -70 -80 -90 -100 Strong relation

Figure 4.1 U.K. Datta Model of a Political Organization



3. X_2 = How would you think that recruiting and selecting limited qualified president, adviser, vice presidents for future minister and salaried executives for branch offices for all constituencies instead of a large number of country-wide activists and leaders can control internal and external political conflicts for peaceful democracy? [Pls check the following relation score on the 11 point scale]

Poor relation 0 - 10 - 20 -30 – 40 -50 -60 -70 -80 -90 -100 Strong relation

4. X_3 = How would you think that proper training and development of the recruited executives at political head quarter and branch offices can increase performance level for organizational development in creating a decent working environment for peaceful democracy? [Pls check the following relation score on the 11 point scale]

Poor relation 0 - 10 - 20 -30 – 40 -50 -60 -70 -80 -90 -100 Strong relation

5. X_4 = How would you think that creating national and international donation based strong fund for introducing direct and indirect compensation for the organogram based president, vice presidents, directors, branch office based executives and support service holders can reduce country-wide corruption of present political activists and leaders for peaceful democracy? [Pls check the following relation score on the 11 point scale]

Poor relation 0 - 10 - 20 -30 – 40 -50 -60 -70 -80 -90 -100 Strong relation

SERVICE MARKETING MIX, SERVICE QUALITY AND CUSTOMER SATISFACTION: AN EMPIRICAL STUDY ON THE AIR TRAVELLERS AT DHAKA AIRPORT

Partha Prasad Chowdhury [1]
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ABSTRACT

This research study tries to investigate the importance of different service marketing mix elements and the role of service marketing mix/service mix and overall service quality on customer satisfaction in the airline industry of Bangladesh. Mixed research approach is used for this study. Most of the service attributes play significant role in the passengers' buying decision process. There exist statistically significant differences between domestic and international routes in terms of preferences of different elements of service mix but the variations of importance of different elements of service mix with gender, age, marital status and occupation are not statistically significant. The study indicates that service mix has weak correlation with passengers' satisfaction. But the study indicates that there exists strong correlation between overall service quality and customer satisfaction. The study extends a direction for new researchers and concludes with suggestions for further research and suggests managers in airline industry of Bangladesh to focus on developing service quality and on improving service attributes to attract and retain customer.

Key words: Consumer behavior, service mix, service quality, customer satisfaction.

INTRODUCTION AND BACKGROUND

Dhaka (Hazrat Shahjalal International Airport) is the largest airport in Bangladesh which is located in Kurmitola, Uttara, 17 kilometres from Dhaka city and the hub of all domestic airlines. It started operations in 1980. This airport has one international and one domestic terminal. The airport has an area of 1,981 acres (802 ha) and a capacity of handling 8 million passengers annually. This Airport is the primary hub of the national flag carrier Biman Bangladesh Airlines and other private airlines in Bangladesh including Regent Airways, Novoair and US-Bangla Airlines. The annual passenger handling capacity of the airport is 18.5 million passengers. As of September 2014, 29 passenger airlines connect 38 cities, both domestic and international. Average aircraft

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movement per day is around 190 flights (Wikipedia.Org, 2018). Domestic and regional international markets in the airline industry of Bangladesh are becoming increasingly competitive due to rapid expansion of private airline sector. Competition has intensified on the main domestic routes as well on some of Bangladesh's largest international routes (Centre for Aviation, 2018).

Customers are driving rapidly changing economic environment. Kaze (2010) suggested that in depth knowledge and understanding of consumer behavior and the factors that influence the consumers' buying decision process has become a valuable source of competitive advantage for any market oriented firm. Marketers need to be focused on identifying the key service attributes that customers consider to select goods/service offerings in order to develop service offerings that excel on these features/attributes (Hawkins and Mothersbaugh (2010). Mittal and Baker (1998) pointed out that managing a service firm is more complex than managing a physical goods firm and hence marketers need to understand the dynamics of customer feedback to the different levels of service performance. The study on relationship marketing (e.g. Mayer et al., 2009; Sindhav et al., 2006; Mithas et al., 2005; Liang and Wang, 2004; Oliver 1997; Anderson et al., 2009; Fornell et al., 1996) suggested that formulation of right service marketing mix/service mix (marketing mix for a service offering) and superior quality service is very much important to develop customer satisfaction which in turn develops loyalty and long term relationship and the importance of buyer-seller relationship as a differentiator is growing now (Ulaga and Eggert, 2006).

LITERATURE REVIEW

In order to satisfy the needs of the target market, marketers need to understand its buying behavior and then devise appropriate marketing actions to influence buyers during the buying. To do this, marketers need to develop their marketing mix to match the needs of each market segment. Understanding the buyer's behavior is fundamental to the development of effective marketing strategies. Three decisions are required to be considered to this understanding. These are: customer needs that must be satisfied in order to achieve defined objective (for each segment or niche or other specific target audience); motivating factors for each segment to purchase; and on how, when and where can marketers successfully influence their buying decision-making process.

In the evaluation stage of the buying decision process, potential customers compare the characteristics, features and benefits that are important to them of various products to see what might best meet their needs and what their preference is. Each criterion is assigned (usually unconsciously) a salience (a level of important) that ultimately may decide what is bought and from whom. Whenever buyers make a final judgement of value they do not follow simple and single evaluation process and an individual customer follows different evaluation process at different situations where buyers' evaluation processes are cognitively oriented and form product judgements largely on conscious and rational basis (Kotler, 1996).

The study (e.g. Hawkins et al., 1989; Hawkins and Mothersbaugh, 2010) suggested that the several features, attributes or dimensions which consumers use in response to specific problem is known as evaluation criteria and customers use several features to make any purchase decision. The study (e.g. Kotler, 1996; Kotler et al., 2009; Kotler et al., 2011; Kotler and Keller, 2012) suggested that consumer buying behaviour is influenced by four major types of factors. These are cultural (culture, sub-culture and social class); social (reference groups, family and roles and statuses); personal (age, life style, occupation, economic circumstances, personality, self concept); and psychological (motivation, perception, learning, beliefs and attitudes) and gender, age, occupation and marital status are considered to be key factors that influence consumer's buying behavior. Marketing mix is a set of controllable marketing variables/tools that the firm blends to produce the response it wants in the target market and to build customer relationship and it consists of everything that the firm can do to influence the demand for its product (e.g. Mullins and Walker, 2013; Kotler, 1996; Kotler and Keller, 2009; Kotler et al., 2011; Kotler and Keller, 2009). Marketing mix, which is one of the most basic concepts in marketing, is defined as the elements an organization controls that can be used to satisfy or communicate with customers (Zeithaml et. al., 2014). Service industry is growing and in growing service industry greater service value creates satisfied and loyal customers which in turn develop healthy return on investment and growth and by providing quality service consistently a service oriented firm can differentiate itself from its competitors (Kotler et al., 2011). Services are defined as deeds, efforts and performances and or combination of these and are of intangible in nature (e.g. Hoffman and

Bateson, 2002). The business transactions that take place between a donor (service provider) and receiver (customer) with a view to produce a consequence that satisfies customer is described as service (Ramaswamy, 1996). Service marketing mix/service mix comprises of a complex bundle of explicit and implicit attributes (e.g. Berry et al., 1990). McCarthy (1956; cited by Mullins & Walker, 2013) introduced 4 elements of marketing mix. These are product, price, place (distribution), and promotion. In addition to these four Ps, the service marketing mix (marketing mix for a service offering) includes people, process and physical evidence.

Key elements of marketing mix/service marketing mix sometimes based on the industry as well for example the study (e.g. Levy & Weitz, 2004) highlights six key elements of marketing mix in retail industry which are location, pricing, communication, store design & display, customer service and merchandise assortments. The study (e.g. Kotler, 1996; Kotler et al., 2011) pointed out that service mix strategy has direct association with customer satisfaction. Service Quality is a critical element of customer perceptions (Zeithaml et al., 2013) which is the outcome of the comparison between customer expectations and customer perceptions. Service quality is defined by different ways in academic literature as it is referred as “suitable use” (Juran, 1974); “consistent with needs” (Crosby, 1979); extent to which a service meets customers’ needs or expectations (Asubonteng et. al., 1996). Gronroos (1984) defined service quality as a perceived judgement resulting from an evaluation process where customers compare their expectations with the service they perceive to have received. The study (e.g. Deming, 1986; cited by Chen, 2009) have pointed out that a customer evaluates the quality of a product or service on the basis of certain important quality attributes, where an attribute is defined as a descriptive feature of a product which is involved with its purchase or consumption (Keller, 1999). Service quality is defined as the degree and direction of discrepancy between customers’ perceptions of the organizations providing the service and their expectations about the service organizations should offer (Parasuraman et al., 1985). They introduced five dimensions of service quality. These are tangibles, reliability, responsiveness, assurance and empathy (Parasuraman et al., 1988). Several innovative IT-based services such as e-ticketing are no more a new concept in the airline industry. Hence in addition to above five dimensions another dimension, information technology is used to measure service quality (Chen, 2009).

Hence for this study the common service dimensions tangibles, reliability, responsiveness, assurance, empathy and information technology are considered to measure service quality.

Customer satisfaction is the feeling or attitude of a customer towards a product or service after its consumption or use and is generally defined as the full meeting of one's prior expectations (Oliver, 1980). Helgesen (2006) pointed out that when buyers are offered with the products that meet their needs, desires of buyers then they are in general believed to be satisfied. Services are generally defined by some core attributes and hence quality of the service is measured by the quality of the service attributes. Customer satisfaction is the antecedent of both customers' behavioural intentions and their behaviour (e.g. Mayer et al., 2009; Cronin et al., 2000; Cronin and Taylor, 1992; Zeithaml et al., 1996) and service quality (or quality of attributes) is the antecedent of customer satisfaction (e.g. Fornell, 1992; Fornell et al., 1996; Chen, 2009; Mittal and Gera, 2012). By providing quality service consistently a service oriented organization can differentiate itself from its competitors (Kotler et al., 2011).

Customer satisfaction is a function of perceived quality (Mithas et. al., 2005); service attributes (Oliver 1997, cited by Anderson et. al., 2009). Overall assessment of buyer's experience is an indicator of customer satisfaction (Sindhav et al., 2006). Customer satisfaction is more quality driven than value or price-driven and customer expectations, perceived quality, and perceived value comprise the antecedents of overall customer satisfaction (Fornel et.al., 1996). Superior service quality develops customer satisfaction and loyalty with the goods or service, greater willingness to recommend others, reduction in complaints and improved customer retention (e.g. Zeithaml et al., 1996). Hence, based on the review of literature, our hypotheses are as follows:

H1: There is an impact of gender, age, marital status, and occupation on the importance of elements/attributes of service mix during passengers' buying behaviour in the airline sector of Bangladesh.

H2: There is a positive relationship between service mix and customer satisfaction in the airline sector of Bangladesh.

H3: There is a positive relationship between service quality and customer satisfaction in the airline sector of Bangladesh.

RESEARCH CONTEXT AND RATIONALE

Consumer attitudes and behaviors are fundamental, long-lasting and likely to continue to be disruptive (Currie and Rowley, 2010). Consumer perceptions are different and it varies market-wise and industry-wise and they put different weightage whenever they buy goods or services. The study suggested that service mix strategy has impact on developing customer satisfaction (Kotler, 1996; Kotler et al., 2011). Primary focus of marketing is the exchange relationship (Jham and Khan, 2008), but discussions on consumer-organisational relationship are not clear in the literature (O'Malley and Tynan, 1999). Due to frequent interaction of service executives with the travellers, the role of service attributes, service quality and customer satisfaction are very important in the airline industry. Some research studies have been done in the recent past in order to find out the relationship between service quality and customer satisfaction and it is recognised that providing good service quality is a prerequisite for customer satisfaction and a number of other desirable behavioural outcomes (Mayer et. al., 2009; Sindhav et al., 2006; Mithas et al., 2005; Liang and Wang, 2004; Oliver, 1997; Anderson et. al., 2009; Fornell et al., 1996). But customers' needs vary depending on industry and their interpretation regarding service quality is different (Soltani et al., 2008). The economy of Bangladesh is growing as the GDP growth rate has been more than six percent during last five years and was 7.1 percent during FY 2017 (Bangladesh Bureau of Statistics, 2018). Today's economies are increasingly driven by service enterprises (Azad et. al., 2012). Mayer et al (2009) highlights that 70 percent of today's economy is service based. Service sector contributes 52.3 percent of gross domestic product (GDP) of Bangladesh (Lovelock et al., 2011). As today's economy is more service based hence academics and marketers are willing to know how to design an organization to provide excellent customer service (Schneider and White, 2004; cited by Mayer et al., 2009). Despite the critical role of different service attributes on consumers' buying behavior and the role of service attributes and service quality on customer satisfaction, it has been observed that most of the studies were conducted mainly in the western context and were focused on consumer goods only and little attention has been devoted to identify importance of key attributes on buyers' decision making process and to verify the role of service mix and service quality on customer satisfaction in the service sector. In the context of airline industry of Bangladesh, to the best of our knowledge no study has been made to identify the importance of different attributes to select an airline and to verify the role of service mix and overall service quality on developing customer satisfaction.

METHODOLOGY

Research Problem: As the study regarding consumer behaviour and relationship between service marketing mix and customer satisfaction and between service quality and customer satisfaction in the context of Bangladesh Market is not available in academic literature and hence the purpose of the study is to fill in this gap of literature by identifying the impact of different variables on the importance of elements of service mix and by measuring the relationships in the context of airline industry of Bangladesh. The literature review points out that importance of service attributes depends on route and demographic variables and overall service mix and service quality have positive association with customer satisfaction. In order to achieve the objectives, passengers' opinions are obtained from domestic and international terminals of Dhaka airport for statistical analysis to use descriptive statistics, MANOVA and correlation analysis.

Nature of the Study: A mixed research is carried out as the study is empirical in nature where research approach is deductive, research style is descriptive and the objectives are to measure the impact of route and other demographic variables (e.g. gender, age, marital status and occupation) on elements/attributes of service mix and to measure the causal relationship between variables like service mix and customer satisfaction and between service quality and customer satisfaction as per hypotheses developed.

Research Questions: The research questions of this study were as follows:

1. Is there any impact of route (domestic/international, gender, age, marital status, occupation on the importance of elements/attributes of service mix during passengers' buying behaviour in the airline industry?

2. Is there any impact of service mix on customer satisfaction in the airline industry of Bangladesh?
3. Is there any impact of service quality on customer satisfaction in the airline industry of Bangladesh?

Research Hypotheses: The hypotheses of this study are formulated for empirically testing of the impact of variables like route, gender, age, marital status and occupation on elements/attributes of service mix and to measure the causal relationship between variables like service marketing mix and customer satisfaction and between service quality and customer satisfaction. The hypotheses of the study were as follows (see: literature review):
Is there any impact of route, gender, age, marital status, occupation on the importance of elements of service mix during passengers' buying behaviour in the airline industry of Bangladesh?

$H1_0$: There is no impact of route, gender, age, marital status, and occupation on the importance of elements of service mix during passengers' buying behaviour in the airline industry of Bangladesh.

$H1_a$: There is an impact of gender, age, marital status, and occupation on the importance of elements of service mix during passengers' buying behaviour in the airline industry of Bangladesh.

Is there any impact of service mix on customer satisfaction in the airline industry of Bangladesh?

$H2_0$: Service mix is negatively related with customer satisfaction.
$H2_a$: Service mix is positively related with customer satisfaction.

Is there any impact of service quality on customer satisfaction in the airline industry of Bangladesh?

$H3_0$: Service quality is negatively related with customer satisfaction.
$H3_a$: Service quality is positively related with customer satisfaction.

Sampling Plan:
Sample structure: Target population of this study was all passengers of domestic and international routes from Dhaka airports. Sampling frame was adequate in size but not structured. The sampling unit includes

individual passengers who travel by air in any domestic or international route from Dhaka airport.

Sampling technique: Convenience type non-probability sampling technique is considered to select the respondents from the sampling frame as this technique is considered to approach the most accessible members of the population of interest and relatively inexpensive and less time consuming.

Sample size: Sample size should be at least ten times the number of variables and larger samples are necessary for conclusive research such as descriptive surveys, and to use sophisticated data analysis data for the study were gathered from a sample of 177 passengers and were chosen mainly from domestic and international terminals of Dhaka airport. Hence the sample size is 177.

Questionnaire Design and Measures: Questionnaire was designed in a way so that respondents can clearly and accurately answer the questions and coding and transfer of replies to computer files for analysis is easier. It is designed by taking elements of service mix (service attributes) based on the review of literature. Multi-item measure and five points Likert-style rating scale anchored by 'Mostly disagree' (i.e., value 1) and 'Mostly agree' (i.e., value 5) have been chosen to operationalize all variables and to capture passengers' opinions about the importance of different elements of service mix of airline industry of Bangladesh.

Questionnaire Administering Method & *Data Analysis*: This explanatory research to measure the impact of route (domestic/international) and demographic variables (like gender, age, marital status and occupation) on elements of service mix and to measure the causal relationship between variables like service mix and customer satisfaction and between service quality and customer satisfaction. One set of structured questionnaires is used to obtain opinions of the respondents which were pretested before the field work. Respondents were given necessary explanation during the course of interview and encouraged them to answer accurately to increase validity of the information. Data was analysed by using SPSS to measure the impacts of independent variables on dependent variables as per the research objective.

Limitation: One limitation of this study is that as convenience type non-probability sampling technique was considered hence this study might suffer from some respondent bias caused by self selection and or construction of the sampling frame. The study also focused on established relationships based on findings from the previous studies in the context of the western markets. Another limitation of this study is the context of the study. The respondents (air travellers) were selected from the two terminals of Dhaka airport only. Therefore, findings of this study might not be directly generalised to other institutional environments of Bangladesh beyond airline sector of the country.

OBJECTIVES

The purpose of this study is to address this gap and the specific objectives of this study are:

a) To identify the key features of service marketing mix affecting passengers buying behaviour in the airline industry.
b) To find out the importance given by passengers to each element of service marketing mix/service mix for the selection of an airline.
c) To determine the degree of importance given by passengers to different elements of service marketing mix by different route, gender, age, marital status and occupation categories.
d) To examine whether the relationship between service marketing mix/service mix and customer satisfaction is statistically significant or not.
e) To examine whether the relationship between service quality and customer satisfaction is statistically significant or not.

RESULTS AND DISCUSSIONS

In-depth interviews suggested that passengers look for different features from an airline. These are aircraft used, single type of aircraft, leg space and comfortable seats, interior decoration, no of cabin crews, staff & passenger service, no of check in & gate staff and service at the ground, safety, return and complaint handling, additional payment for baggage handling, ticket price, e-ticketing, food quality and price, cleanliness, office location, Information availability, and promotional offers. These factors always influence on consumer buying behavior. In order to find out the importance of different service features to select an airline, the respondents were asked to indicate on five point scale, the degree of importance attached to the attributes. To determine the degree of importance of different attributes and the degree of importance of different attributes by route, gender, age, marital status, occupation categories in the selection of an airline, the mean values are considered.

Degree of Importance of Different Service Attributes

Mean values of different service attributes (*see: Table-1*) that passengers use to select an airlines show that safety, return and complaint handling (mean 4.50), cleanliness (mean 4.43) and information availability (mean 4.39) are the three most important attributes in the passengers' decision making process.

Impact of Demographic Variables on Elements of Service Mix

To verify the impact of route and demographic variables (e.g. gender, age, marital status, occupation) statistical method MANOVA (Multivariate Analysis of variance) is used.

***Checking the multivariate normality and outliers by multiple regression**:* Normality and Outliers can be checked by inspecting the Mahalalanobis distances that are produced by the multiple regression programs (Pallant, 2007). Critical chi-square value for evaluating Mahalalanobis distance is 43.280 if number of independent variable is 19 (NIST, 2018). Residual statistics tables (*see: Table-1A to Table-1E*) maximum value in this data file is 47.385 which exceeds the critical value. To check whether these outliers have any undue influence on the results for this model as a whole, the value of Cook's Distance is checked. According to Tabachnick and Fidell (2007; cited by Pallant, 2007) cases with values larger than 1 are a potential problem. In this study, the maximum values of Cook's Distance are 0.106, 0.087, 0.159, 0.065 and 0.081 (*see: Table-1A to Table-1E*) which are lower than 1 suggesting no major problems.

Mean values of different attributes/evaluation criteria according to route (*see: Table-2*) points out that passengers in the domestic routes put comparatively more importance than passengers in the international routes on some attributes like safety, return and complaint handling (mean for domestic route 4.59; for international route 4.38), ticket price (mean for domestic route 4.42; for international route 3.88), information availability (mean for domestic route 4.47; for international route 4.29), office location (mean for domestic route 3.74; for international route 3.64), promotional offers (mean for domestic route 3.60; for international route 3.49).

And passengers in the international routes put comparatively more importance than passengers in the domestic routes on some attributes like aircraft used (mean for domestic route 4.27; for international route 4.35), single type of aircraft (mean for domestic route 3.82; for international route 4.04), no of check in & gate staff and service at the ground (mean for domestic route 3.82; for international route 4.17), e-ticketing (mean for domestic route 4.07; for international route 4.22), food quality and price (mean for domestic route 3.57; for international route 4.12). If significance level of WILKs' Lambda at the Multivariate Tests of MANOVA is less than 0.05 then there exists significant difference among groups (Pallant, 2007). If we look at the Multivariate Tests of MANOVA (*see: Table-7*), value of WILKs' Lambda is 0.717 and its associated significance level is 0.000 which is lower than 0.05; therefore, there exists statistically significant differences between domestic and international routes in terms of preferences of different elements of service mix.

The study (*see: Table-3*) indicates that females put comparatively more importance than males on some attributes like interior decoration (mean for female 4.02; for male 3.93), safety, return and complaint handling (mean for female 4.56; for male 4.46), ticket price (mean for female 4.26; for male 4.14), cleanliness (mean for female 4.56; for male 4.36). And males put comparatively more importance than females on some attributes like aircraft used (mean for male 4.35; for female 4.20), leg space and comfortable seats (mean for male 4.30; for female 4.15), no of check in & gate staff and service at the ground (mean for male 4.02; for female 3.87) and food quality and price (mean for male 3.85; for female 3.74). If we look at the Multivariate Tests of MANOVA (*see: Table-8*), value of WILKs' Lambda is 0.914 and its associated significance level is 0.625 which is greater than 0.05; therefore, there is not statistically significant differences between males and females in terms of preferences of different elements of service mix.

Age-wise mean values for different service attributes are shown in *Table-4*. The study shows that the highest importance is given to safety, return and complaint handling by the passengers belonging to adult, middle aged and aged groups (mean for young adult 4.44; for adult 4.49;

for middle aged 4.55 and for aged 4.50). Aged (Above 60) group put comparatively more importance on some attributes like no of cabin crew, staff & passenger service (mean 4.50), no of check in & gate staff and service at the ground (mean 4.50), e-ticketing (mean 4.33), and food quality and price (mean 4.17). Second important criteria for the selection of an airlines by the middle aged (40-60) group is leg space and comfortable seats (mean 4.41) which is followed by information availability (mean 4.33) and cleanliness (mean 4.32). Passengers belonging adult to (26-39) group considers information availability (mean 4.37), cleanliness (mean 4.36) and aircraft used (mean 4.27) as next three important factors after safety, return and complaint handling whereas passengers belonging young adult (19-25) group consider cleanliness (mean 4.65), information availability (mean 4.55), and safety, return and complaint handling (mean 4.44) as three important factors to select an airline. If we look at the Multivariate Tests of MANOVA (*see: Table-9*), value of WILKs' Lambda 0.686 and its associated significance level is 0.194 which is greater than 0.05; therefore, there is not statistically significant differences between different age groups in terms of preferences of different elements of service mix.

Marital status-wise mean values of service attributes (*see: Table-5*) indicates that married passengers put comparatively more emphasis on safety, return and complaint handling (mean for married 4.51; for unmarried 4.43), leg space and comfortable seats (mean for married 4.26; for unmarried 4.19), and e-ticketing (mean for married 4.17; for unmarried 4.02) whereas unmarried passengers put comparatively more importance on cleanliness (mean for married 4.35; for unmarried 4.57) , information availability (mean for married 4.34; for unmarried 4.54), aircraft used (mean for married 4.28; for unmarried 4.36) and on additional payment for baggage handling (mean for married 3.43; for unmarried 3.71). If we look at the Multivariate Tests of MANOVA (*see: Table-10*), value of WILKs' Lambda is 0.765 and its associated significance level is 0.774 which is greater than 0.05; therefore, the impact of marital status on elements of service mix is not statistically significant.

The mean values of different attributes according to occupation showed that (*see: Table-6*). students give more importance on information availability (mean 4.61) followed by cleanliness (mean 4.59) and safety, return and complaint handling (mean 4.38). Job holders give more importance on safety, return and complaint handling (mean 4.53) followed by cleanliness (mean 4.45) and information availability (mean 4.33). Business persons give more importance on safety, return and complaint handling (mean 4.49) followed by leg space and comfortable seats (mean 4.44), information availability (mean 4.38). Housewives put more importance on safety, return and complaint handling (mean 4.54) followed by cleanliness (mean 4.46) and ticket price (mean 4.38). If we look at the Multivariate Tests of MANOVA (*see: Table-11*), value of WILKs' Lambda is 0.707 and its associated significance level is 0.330 which is greater than 0.05; therefore, the impact of occupation on elements of service mix is not statistically significant.

Correlation between Service Marketing Mix/Service Mix and Customer Satisfaction

Descriptive statistics (*see: Table-12*) shows that std. deviations for the 8 scales range from 0.576 to 0.773 indicating a substantial amount of variance in the responses for most of the scales used in this research study. The skewness values indicated that the scores do not fall in a nice, normally distributed curve where scales are skewed both positively and negatively which indicates that clustering of scores at the both high and low end. Whereas kurtosis values of most of the scales are positive. Hence, distributions of scales are clustered in the centre with long thin tails. Mean values of scales suggested that airlines are providing acceptable service mix and there are reasonably high levels of service attributes, service quality and customer satisfaction in the airline industry. The direction of the relationship between the service mix and customer satisfaction has been tested with the help of bivariate correlation method, where the values of Pearson's r were calculated to assess the strength of the relationship between service attributes and passenger satisfaction. Significance level (sig value) was taken into consideration to measure the level of statistical significance level. In order to interpret the relationship we followed the guidelines suggested by Cohen (1988, cited by Pallant, 2007) as- significance is small if r = 0.10 to 0.29; significance is medium if r = 0.30 to 0.49 and significance is large if r = 0.50 to 1.0. From the Correlation matrix (*see: Table 13*), the correlation between service mix and customer satisfaction was r = .269. The significance levels reported above for all cases were Sig. = .000. Sample size is large (N=177). Hence with strong confidence it can be mentioned that the above mentioned correlation is statistically less significant, based on the evidence of Z-distribution. *Table-17* shows that correlations between service attributes and customer satisfaction are small.

*Correlation between Service Quality and Customer Satisfaction To measure service quality, 6 dimensions as detailed in literature review, each with one item were used. In order to check whether all measuring the same construct or not we checked the reliability of the scale. The Cronbach's alpha coefficient was used as an indicator of internal consistency. Ideally the value of Cronbach's alpha coefficient should be greater than 0.7 to be acceptable. Cronbach's alpha value of 0.820 (*see: Table-14b*) verified the strong internal consistency in the scales and hence we reported the mean inter-item correlation for the items. Based on the findings from the above (i.e. checking the reliability of the scales) section new variables are inserted to represent overall measure of service quality with the help of transforming variables technique used in SPSS. Std. deviations for the measure of all variables- overall service quality and customer satisfaction range from .531 to .607 (*see: Table-15*) indicating a substantial amount of variance in the responses for the scales used in the bivariate correlation whereas mean values suggested that there exists reasonably high levels of overall service quality and customer satisfaction in the airline industry. From the correlation matrix (*see: Table-16*), the correlation between overall service quality and customer satisfaction is r = .680. The significance levels reported above for all cases were Sig. = .000. Sample size is large (N=177). Hence with strong confidence it can be mentioned that the above mentioned correlation are statistically significant (significance is high, based on the evidence of Z-distribution.*

CONCLUSIONS, MANAGERIAL IMPLICATIONS AND FURTHER RESEARCH

Conclusions

The specific objectives of this study were to identify the key features of service mix that affect the passengers'' decision making process for the selection of an airline; to examine whether route (domestic/international), gender, age, marital status, occupation have any impact on the importance to each feature of service mix or not, and to verify that service marketing mix and overall service quality have impact on developing customer (passengers') satisfaction. The major findings of the study are given as follows:

1. In-depth interviews suggested that passengers look for different features from an airline. These are aircraft used, single type of aircraft, leg space and comfortable seats, interior decoration, no of cabin crew, staff & passenger service, no of check in & gate staff and service at the ground, safety, return and complaint handling, additional payment for baggage handling, ticket price, e-ticketing, food quality and price, cleanliness, office location, Information availability, and promotional offers.
2. The study points out that the degree of importance of all elements/features of service marketing mix is moderately high but safety return and complaint handling, cleanliness and information availability are the three most important features in the passengers' decision making process.
3. Bangladesh is not a big country and hence it does not require long time to go from one part of the country to another part by road, railway or by water ways and hence naturally passengers in the domestic routes are price sensitive. They put comparatively more importance than passengers in the international routes on safety, return and complaint handling (mean for domestic route 4.59; for international route 4.38) as domestic airlines operate low cost aircrafts in their domestic routes. There exist statistically significant differences between domestic and international routes in terms of preferences of different elements of service mix.
4. Safety, return and complaint handling, cleanliness and information availability are the three most important features for both genders but the study points out that females are more price sensitive and are more concerned about cleanliness.
5. Safety, return and complaint handling is the most important feature for all age group but passengers belonging to the aged (above 60) give comparatively more emphasis on no. of cabin crew, staff & passenger service and no. of check in & gate staff and service at the ground.
6. Married passengers put comparatively more importance on safety, return and complaint handling than unmarried passengers.
7. Students give more importance on information availability than all other features of service mix whereas passengers belonging to all other occupation group put more importance on safety, return and complaint handling than all other features.

8. The variations of importance of different elements of service marketing mix with gender, age, marital status and occupation are not statistically significant.
9. The findings of the study (*see: Table-13*) indicates that the strength of the relationship between service marketing mix and customer satisfaction is weak (Pearson's r = 0.269) and significant at the $p < 0.01$ level.
10. The study (*see: Table-16*) indicates that the strength of the relationship of overall service quality with customer satisfaction is large (Pearson's r = 0.680) and significant at the $p < 0.01$ level.

Managerial Implications and Further Research

Marketers in the airline industry of Bangladesh may create sustainable competitive advantage over others by providing customer satisfaction as customer satisfaction develops loyalty. Loyalty in turn develops long term relationship which is difficult to be copied. Though the study pointed out that the association between service marketing mix and customer satisfaction is weak but there is a strong evidence to suggest that service quality has a strong positive and direct influence on customer satisfaction. Marketers need to identify the relative preferences of passengers towards different service attributes and by providing the service features that provide benefits to fulfill a need or solve a problem; marketers in the airline industry of Bangladesh can create more value for their customers. Marketers could use this as a guideline for developing marketing strategies and are suggested to focus on developing all key service attributes which are important to influence passengers' decision making processes and to develop service quality to provide customer satisfaction.

The findings of this study might not be directly generalised to other institutional environments of Bangladesh beyond airline industry as one limitation of this study is the context of the study. The respondents were selected from the passengers of Dhaka airport only. At present, there are no studies investigating the importance of service attributes and role of service mix and service quality on developing customer satisfaction in the airline industry of Bangladesh. Therefore more research is required in other settings with different service sectors and sample populations in order to verify and generalise the findings of this study and to determine other factors, if any. Hence this study could lead to further research on airline industry or any other service sector in the context of Bangladesh market.

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APPENDIX

Table-1: Mean Values of Different Attributes

	N	Minimum	Maximum	Mean	Std. Deviation
Aircraft Used	177	3	5	4.31	.509
Single Type of Aircraft	177	2	5	3.92	.629
Leg Space & Comfortable Seats	174	3	5	4.25	.612
Interior Decoration	176	2	5	3.96	.662
No of Cabin Crew, Staff, Passenger Service	172	2	5	4.16	.555
No of Check-in & Gate Staff, Service at the Ground	176	2	5	3.97	.680
Safety, Refund & Complaint Handling	177	3	5	4.50	.565
Additional Payment for Baggage Handling	174	1	5	3.53	.837
Ticket Price	174	2	5	4.18	.703
E-Ticketing	175	2	5	4.14	.681
Food Quality & Price	174	2	5	3.82	.826
Cleanliness	174	2	5	4.43	.601
Office Location	174	2	5	3.70	.692
Information Availability	174	2	5	4.39	.660
Promotional Offers	177	1	5	3.55	.797
Valid N (listwise)	152				

Table-1A: Residuals Statistics-(Using Route)

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	.66	2.04	1.51	.267	152
Std. Predicted Value	-3.155	1.984	.000	1.000	152
Standard Error of Predicted Value	.065	.253	.138	.044	152
Adjusted Predicted Value	.51	2.24	1.52	.280	152
Residual	-.981	.718	.000	.425	152
Std. Residual	-2.192	1.605	.000	.949	152
Stud. Residual	-2.456	1.693	-.010	1.005	152
Deleted Residual	-1.243	.829	-.010	.477	152
Stud. Deleted Residual	-2.503	1.705	-.012	1.009	152
Mahal. Distance	2.215	47.138	14.901	9.862	152
Cook's Distance	.000	.106	.008	.014	152
Centered Leverage Value	.015	.312	.099	.065	152

a. Dependent Variable: Route

Table-1B: Residuals Statistics-(Using Gender)

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	.82	1.60	1.30	.135	151
Std. Predicted Value	-3.566	2.238	.000	1.000	151
Standard Error of Predicted Value	.067	.263	.143	.046	151
Adjusted Predicted Value	.77	1.75	1.30	.154	151
Residual	-.585	.959	.000	.439	151
Std. Residual	-1.264	2.073	.000	.949	151
Stud. Residual	-1.421	2.307	-.002	1.005	151
Deleted Residual	-.752	1.188	-.002	.494	151
Stud. Deleted Residual	-1.427	2.345	.001	1.008	151
Mahal. Distance	2.195	47.385	14.901	9.900	151
Cook's Distance	.000	.087	.008	.013	151
Centered Leverage Value	.015	.316	.099	.066	151

a. Dependent Variable: Gender

Table-1C: Residuals Statistics-(Using Age)

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.40	3.10	2.07	.306	151
Std. Predicted Value	-2.204	3.351	.000	1.000	151
Standard Error of Predicted Value	.109	.426	.233	.075	151
Adjusted Predicted Value	.97	3.47	2.07	.335	151
Residual	-1.294	2.557	.000	.712	151
Std. Residual	-1.723	3.404	.000	.949	151
Stud. Residual	-1.774	3.706	.002	1.009	151
Deleted Residual	-1.468	3.030	.003	.809	151
Stud. Deleted Residual	-1.788	3.896	.004	1.019	151
Mahal. Distance	2.195	47.385	14.901	9.900	151
Cook's Distance	.000	.159	.009	.019	151
Centered Leverage Value	.015	.316	.099	.066	151

a. Dependent Variable: Age

Table-1D: Residuals Statistics-(Using Marital Status)

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.24	2.69	1.77	.197	151
Std. Predicted Value	-2.709	4.676	.000	1.000	151
Standard Error of Predicted Value	.082	.319	.174	.056	151
Adjusted Predicted Value	1.10	2.93	1.77	.211	151
Residual	-1.082	1.996	.000	.533	151
Std. Residual	-1.927	3.556	.000	.949	151
Stud. Residual	-1.992	3.688	.001	.997	151
Deleted Residual	-1.156	2.148	.001	.589	151
Stud. Deleted Residual	-2.014	3.875	.002	1.006	151
Mahal. Distance	2.195	47.385	14.901	9.900	151
Cook's Distance	.000	.065	.007	.011	151
Centered Leverage Value	.015	.316	.099	.066	151

a. Dependent Variable: Marital Status

Table-1E: Residuals Statistics-(Using Occupation)

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.64	3.21	2.25	.289	151
Std. Predicted Value	-2.119	3.312	.000	1.000	151
Standard Error of Predicted Value	.124	.484	.264	.085	151
Adjusted Predicted Value	1.48	3.61	2.25	.317	151
Residual	-1.545	2.175	.000	.808	151
Std. Residual	-1.814	2.554	.000	.949	151
Stud. Residual	-2.055	2.606	.000	1.002	151
Deleted Residual	-1.984	2.266	.000	.903	151
Stud. Deleted Residual	-2.081	2.664	.001	1.008	151
Mahal. Distance	2.195	47.385	14.901	9.900	151
Cook's Distance	.000	.081	.008	.013	151
Centered Leverage Value	.015	.316	.099	.066	151

a. Dependent Variable: Occupation

Table-2: Route-wise Mean Values of Service Attributes

Report

Route		Aircraft Used	Single Type of Aircraft	Leg Space & Comfortable Seats	Interior Decoration	No of Cabin Crew, Staff, Passenger Service	No of Check-in & Gate Staff, Service at the Ground	Safety, Refund & Complaint Handling	Additional Payment for Baggage Handling	Ticket Price	E-Ticketing	Food Quality & Price	Cleanliness	Office Location	Information Availability	Promotional Offers
Domestic Route	Mean	4.27	3.82	4.23	3.98	4.15	3.82	4.59	3.51	4.42	4.07	3.57	4.43	3.74	4.47	3.60
	N	99	99	97	98	94	98	99	96	96	97	96	96	96	96	99
	Std. Deviation	.531	.719	.654	.746	.567	.751	.572	.918	.735	.711	.949	.661	.798	.597	.947
International Route	Mean	4.35	4.04	4.29	3.94	4.17	4.17	4.38	3.56	3.88	4.22	4.12	4.42	3.64	4.29	3.49
	N	78	78	77	78	78	78	78	78	78	78	78	78	78	78	78
	Std. Deviation	.479	.468	.559	.543	.545	.520	.540	.731	.534	.638	.509	.523	.534	.723	.552
Total	Mean	4.31	3.92	4.25	3.96	4.16	3.97	4.50	3.53	4.18	4.14	3.82	4.43	3.70	4.39	3.55
	N	177	177	174	176	172	176	177	174	174	175	174	174	174	174	177
	Std. Deviation	.509	.629	.612	.662	.555	.680	.565	.837	.703	.681	.826	.601	.692	.660	.797

Table-3: Gender-wise Mean Values of Service Attributes

Report

Gender		Aircraft Used	Single Type of Aircraft	Leg Space & Comfortable Seats	Interior Decoration	No of Cabin Crew, Staff, Passenger Service	No of Check-in & Gate Staff, Service at the Ground	Safety, Refund & Complaint Handling	Additional Payment for Baggage Handling	Ticket Price	E-Ticketing	Food Quality & Price	Cleanliness	Office Location	Information Availability	Promotional Offers
Males	Mean	4.35	3.91	4.30	3.93	4.17	4.02	4.46	3.53	4.14	4.14	3.85	4.36	3.70	4.38	3.54
	N	120	120	119	119	117	120	120	118	118	119	119	118	119	118	120
	Std. Deviation	.529	.661	.618	.647	.562	.710	.578	.824	.678	.642	.840	.621	.683	.666	.787
Females	Mean	4.20	3.93	4.15	4.02	4.15	3.87	4.56	3.52	4.26	4.11	3.74	4.56	3.72	4.41	3.56
	N	55	55	53	55	53	54	55	54	54	54	54	54	53	54	55
	Std. Deviation	.447	.573	.568	.707	.533	.584	.536	.863	.757	.769	.805	.538	.717	.659	.834
Total	Mean	4.30	3.91	4.26	3.96	4.16	3.97	4.49	3.53	4.17	4.13	3.82	4.42	3.70	4.39	3.55
	N	175	175	172	174	170	174	175	172	172	173	173	172	172	172	175
	Std. Deviation	.508	.633	.606	.666	.551	.675	.566	.834	.704	.682	.829	.601	.692	.662	.800

Table-4: Age-wise Mean Values of Service Attributes

Report

Age		Aircraft Used	Single Type of Aircraft	Leg Space & Comfortable Seats	Interior Decoration	No of Cabin Crew, Staff, Passenger Service	No of Check-in & Gate Staff, Service at the Ground	Safety, Refund & Complaint Handling	Additional Payment for Baggage Handling	Ticket Price	E-Ticketing	Food Quality & Price	Cleanliness	Office Location	Information Availability	Promotional Offers
Young Adult (19-25)	Mean	4.37	3.86	4.17	3.91	4.15	3.93	4.44	3.63	4.19	3.95	3.90	4.65	3.74	4.55	3.49
	N	43	43	42	43	41	42	43	43	42	41	42	43	42	42	43
	Std. Deviation	.536	.639	.621	.684	.478	.640	.548	.952	.707	.669	.878	.482	.767	.550	.935
Adult (26-39)	Mean	4.27	3.95	4.25	3.95	4.10	3.91	4.49	3.48	4.24	4.14	3.69	4.36	3.63	4.37	3.64
	N	86	86	85	85	83	86	86	85	85	86	86	83	84	84	86
	Std. Deviation	.471	.612	.615	.671	.532	.680	.589	.811	.684	.635	.858	.655	.673	.690	.750
Middle aged (40-60)	Mean	4.30	3.93	4.41	4.02	4.28	4.07	4.55	3.54	4.03	4.27	3.95	4.32	3.83	4.33	3.42
	N	40	40	39	40	40	40	40	39	39	40	39	40	40	40	40
	Std. Deviation	.564	.694	.549	.660	.640	.694	.552	.790	.707	.751	.686	.572	.675	.656	.781
Aged (Above 60)	Mean	4.33	3.67	4.00	4.00	4.50	4.50	4.50	3.40	4.17	4.33	4.17	4.17	3.67	4.00	3.50
	N	6	6	6	6	6	6	6	5	6	6	6	6	6	6	6
	Std. Deviation	.516	.516	.632	.632	.548	.548	.548	.548	.983	.816	.753	.408	.516	.894	.548
Total	Mean	4.30	3.91	4.26	3.96	4.16	3.97	4.49	3.53	4.17	4.13	3.82	4.42	3.70	4.39	3.55
	N	175	175	172	174	170	174	175	172	172	173	173	172	172	172	175
	Std. Deviation	.508	.633	.606	.666	.551	.675	.566	.834	.704	.682	.829	.601	.692	.662	.800

Table-5: Marital Status-wise Mean Values of Service Attributes

Report

Marital Status		Aircraft Used	Single Type of Aircraft	Leg Space & Comfortable Seats	Interior Decoration	No of Cabin Crew, Staff, Passenger Service	No of Check-in & Gate Staff, Service at the Ground	Safety, Refund & Complaint Handling	Additional Payment for Baggage Handling	Ticket Price	E-Ticketing	Food Quality & Price	Cleanliness	Office Location	Information Availability	Promotional Offers
Unmarried	Mean	4.36	3.83	4.19	3.96	4.18	4.00	4.43	3.71	4.15	4.02	3.85	4.57	3.71	4.54	3.60
	N	53	53	52	52	51	52	53	52	52	51	52	53	52	52	53
	Std. Deviation	.522	.643	.595	.656	.478	.626	.572	.871	.638	.583	.872	.500	.696	.576	.884
Married	Mean	4.28	3.95	4.26	3.92	4.15	3.95	4.51	3.43	4.15	4.17	3.77	4.35	3.66	4.34	3.50
	N	111	111	109	111	108	111	111	110	109	111	110	109	109	110	111
	Std. Deviation	.508	.644	.615	.662	.593	.724	.570	.818	.743	.725	.831	.644	.710	.681	.773
Single (divorced/ widowed)	Mean	4.30	4.00	4.50	4.30	4.20	4.10	4.50	3.67	4.50	4.20	4.10	4.33	4.00	4.22	3.80
	N	10	10	10	10	10	10	10	9	10	10	10	9	10	9	10
	Std. Deviation	.483	.471	.527	.675	.422	.316	.527	.707	.527	.632	.568	.500	.000	.833	.632
Total	Mean	4.30	3.91	4.25	3.95	4.16	3.97	4.49	3.53	4.17	4.13	3.81	4.42	3.70	4.39	3.55
	N	174	174	171	173	169	173	174	171	171	172	172	171	171	171	174
	Std. Deviation	.509	.635	.605	.663	.549	.677	.566	.835	.703	.680	.831	.602	.687	.663	.801

Table-6: Occupation-wise Mean Values of Service Attributes

Report

Occupation		Aircraft Used	Single Type of Aircraft	Leg Space & Comfortable Seats	Interior Decoration	No of Cabin Crew, Staff, Passenger Service	No of Check-in & Gate Staff, Service at the Ground	Safety, Refund & Complaint Handling	Additional Payment for Baggage Handling	Ticket Price	E-Ticketing	Food Quality & Price	Cleanliness	Office Location	Information Availability	Promotional Offers
Student	Mean	4.29	3.82	4.21	4.00	4.16	4.00	4.38	3.76	4.26	4.03	3.94	4.59	3.79	4.61	3.59
	N	34	34	34	34	32	34	34	34	34	32	34	34	33	33	34
	Std. Deviation	.524	.716	.641	.696	.448	.603	.551	.923	.567	.595	.814	.500	.696	.556	.925
Job holder	Mean	4.29	4.03	4.16	3.91	4.15	3.99	4.53	3.53	4.08	4.09	3.79	4.45	3.61	4.33	3.51
	N	77	77	76	76	74	77	77	76	74	77	77	76	76	76	77
	Std. Deviation	.535	.628	.590	.657	.589	.659	.528	.791	.736	.729	.800	.598	.713	.681	.788
Business person	Mean	4.37	3.80	4.44	4.00	4.24	3.94	4.49	3.35	4.20	4.24	3.73	4.24	3.78	4.38	3.57
	N	51	51	50	51	51	50	51	49	51	51	49	49	50	50	51
	Std. Deviation	.488	.633	.611	.693	.551	.767	.612	.830	.749	.681	.908	.630	.648	.667	.755
Housewife	Mean	4.15	3.92	4.25	4.00	4.00	3.92	4.54	3.62	4.38	4.23	3.92	4.46	3.77	4.23	3.62
	N	13	13	12	13	13	13	13	13	13	13	13	13	13	13	13
	Std. Deviation	.376	.277	.452	.577	.577	.641	.660	.768	.650	.599	.760	.660	.725	.725	.768
Total	Mean	4.30	3.91	4.26	3.96	4.16	3.97	4.49	3.53	4.17	4.13	3.82	4.42	3.70	4.39	3.55
	N	175	175	172	174	170	174	175	172	172	173	173	172	172	172	175
	Std. Deviation	.508	.633	.606	.666	.551	.675	.566	.834	.704	.682	.829	.601	.692	.662	.800

Table-7: Multivariate Tests[b] (Using Route)

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
Intercept	Pillai's Trace	.997	2684.586[a]	15.000	136.000	.000	.997
	Wilks' Lambda	.003	2684.586[a]	15.000	136.000	.000	.997
	Hotelling's Trace	296.094	2684.586[a]	15.000	136.000	.000	.997
	Roy's Largest Root	296.094	2684.586[a]	15.000	136.000	.000	.997
Route	Pillai's Trace	.283	3.581[a]	15.000	136.000	.000	.283
	Wilks' Lambda	.717	3.581[a]	15.000	136.000	.000	.283
	Hotelling's Trace	.395	3.581[a]	15.000	136.000	.000	.283
	Roy's Largest Root	.395	3.581[a]	15.000	136.000	.000	.283

a. Exact statistic

b. Design: Intercept + Route

Table-8: Multivariate Tests[b] (Using Gender)

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
Intercept	Pillai's Trace	.996	2218.441[a]	15.000	135.000	.000	.996
	Wilks' Lambda	.004	2218.441[a]	15.000	135.000	.000	.996
	Hotelling's Trace	246.493	2218.441[a]	15.000	135.000	.000	.996
	Roy's Largest Root	246.493	2218.441[a]	15.000	135.000	.000	.996
Gender	Pillai's Trace	.086	.846[a]	15.000	135.000	.625	.086
	Wilks' Lambda	.914	.846[a]	15.000	135.000	.625	.086
	Hotelling's Trace	.094	.846[a]	15.000	135.000	.625	.086
	Roy's Largest Root	.094	.846[a]	15.000	135.000	.625	.086

a. Exact statistic

b. Design: Intercept + Gender

Table-9: Multivariate Tests[b] (Using Age)

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
Intercept	Pillai's Trace	.992	1047.569[a]	15.000	133.000	.000	.992
	Wilks' Lambda	.008	1047.569[a]	15.000	133.000	.000	.992
	Hotelling's Trace	118.147	1047.569[a]	15.000	133.000	.000	.992
	Roy's Largest Root	118.147	1047.569[a]	15.000	133.000	.000	.992
Age	Pillai's Trace	.352	1.198	45.000	405.000	.187	.117
	Wilks' Lambda	.686	1.192	45.000	395.890	.194	.118
	Hotelling's Trace	.405	1.185	45.000	395.000	.201	.119
	Roy's Largest Root	.200	1.800[b]	15.000	135.000	.041	.167

a. Exact statistic

b. The statistic is an upper bound on F that yields a lower bound on the significance level.

c. Design: Intercept + Age

Table-10: Multivariate Tests[b] (Using Marital Status)

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
Intercept	Pillai's Trace	.967	257.637[a]	15.000	133.000	.000	.967
	Wilks' Lambda	.033	257.637[a]	15.000	133.000	.000	.967
	Hotelling's Trace	29.057	257.637[a]	15.000	133.000	.000	.967
	Roy's Largest Root	29.057	257.637[a]	15.000	133.000	.000	.967
MStatus	Pillai's Trace	.254	.831	45.000	405.000	.774	.085
	Wilks' Lambda	.765	.831	45.000	395.890	.774	.085
	Hotelling's Trace	.284	.830	45.000	395.000	.775	.086
	Roy's Largest Root	.155	1.392[b]	15.000	135.000	.160	.134

a. Exact statistic

b. The statistic is an upper bound on F that yields a lower bound on the significance level.

c. Design: Intercept + MStatus

Table-11: Multivariate Tests[b] (Using Occupation)

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
Intercept	Pillai's Trace	.995	1786.337[a]	15.000	133.000	.000	.995
	Wilks' Lambda	.005	1786.337[a]	15.000	133.000	.000	.995
	Hotelling's Trace	201.467	1786.337[a]	15.000	133.000	.000	.995
	Roy's Largest Root	201.467	1786.337[a]	15.000	133.000	.000	.995
OCPN	Pillai's Trace	.322	1.081	45.000	405.000	.339	.107
	Wilks' Lambda	.707	1.087	45.000	395.890	.330	.109
	Hotelling's Trace	.374	1.093	45.000	395.000	.322	.111
	Roy's Largest Root	.222	1.999[b]	15.000	135.000	.019	.182

a. Exact statistic

b. The statistic is an upper bound on F that yields a lower bound on the significance level.

c. Design: Intercept + OCPN

Table-12: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Service Mix	177	2	6	3.71	.576	-.252	.183	2.578	.363
Service Quality (Tangibles)	177	2	6	3.98	.626	.012	.183	1.427	.363
Service Quality (Reliablity)	177	2	6	3.88	.773	-.005	.183	-.061	.363
Service Quality (Responsiveness)	176	2	6	3.78	.742	.212	.183	.097	.364
Service Quality (Assurance)	175	1	6	3.79	.768	-.246	.184	1.394	.365
Service Quality (Empathy)	177	1	6	3.76	.769	-.172	.183	1.279	.363
Service Quality (IT)	177	2	6	3.71	.686	.346	.183	.584	.363
Customer Satisfaction	177	3	6	3.97	.607	.321	.183	.849	.363
Valid N (listwise)	174								

Table-13: Correlation between Service Mix & Customer Satisfaction

		Service Mix	Customer Satisfaction
Service Mix	Pearson Correlation	1	.269**
	Sig. (2-tailed)		.000
	N	177	177
Customer Satisfaction	Pearson Correlation	.269**	1
	Sig. (2-tailed)	.000	
	N	177	177

**. Correlation is significant at the 0.01 level (2-tailed).

Table-14: Reliability (Scales on Service Quality)

Case Processing Summary

		N	%
Cases	Valid	174	98.3
	Excluded[a]	3	1.7
	Total	177	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.820	6

Table-15: Descriptive Statistics

Descriptive Statistics

	N	Mean	Std. Deviation
Overall Service Quality	174	3.8142	.53095
Customer Satisfaction	177	3.97	.607
Valid N (listwise)	174		

Table-16: Correlation between Overall Service Quality & Customer Satisfaction

		Overall Service Quality	Customer Satisfaction
Overall Service Quality	Pearson Correlation	1	.680**
	Sig. (2-tailed)		.000
	N	174	174
Customer Satisfaction	Pearson Correlation	.680**	1
	Sig. (2-tailed)	.000	
	N	174	177

**. Correlation is significant at the 0.01 level (2-tailed).

Table-17: Correlation between Service Attributes & Customer Satisfaction

		Customer Satisfaction
Aircraft Used	Pearson Correlation	-.009
	Sig. (2-tailed)	.908
	N	177
Single Type of Aircraft	Pearson Correlation	.009
	Sig. (2-tailed)	.910
	N	177
Leg Space & Comfortable Seats	Pearson Correlation	.148
	Sig. (2-tailed)	.051
	N	174
Interior Decoration	Pearson Correlation	.125
	Sig. (2-tailed)	.099
	N	176
No of Cabin Crew, Staff, Passenger Service	Pearson Correlation	.016
	Sig. (2-tailed)	.833
	N	172
No of Check-in & Gate Staff, Service at the Ground	Pearson Correlation	.012
	Sig. (2-tailed)	.876
	N	176
Safety, Refund & Complaint Handling	Pearson Correlation	.107
	Sig. (2-tailed)	.155
	N	177
Additional Payment for Baggage Handling	Pearson Correlation	-.032
	Sig. (2-tailed)	.677
	N	174
Ticket Price	Pearson Correlation	.106
	Sig. (2-tailed)	.164
	N	174
E-Ticketing	Pearson Correlation	.063
	Sig. (2-tailed)	.405
	N	175
Food Quality & Price	Pearson Correlation	-.128
	Sig. (2-tailed)	.093
	N	174
Cleanliness	Pearson Correlation	.018
	Sig. (2-tailed)	.817
	N	174
Office Location	Pearson Correlation	.085
	Sig. (2-tailed)	.265
	N	174
Information Availability	Pearson Correlation	.178*
	Sig. (2-tailed)	.019
	N	174
Promotional Offers	Pearson Correlation	.185*
	Sig. (2-tailed)	.014
	N	177
Customer Satisfaction	Pearson Correlation	1
	Sig. (2-tailed)	
	N	177

HEALTH, HYGIENE & SAFETY SCENARIO IN GARMENTS INDUSTRY: AN EMPIRICAL STUDY ON SOME SELECTED GARMENTS OF BANGLADESH

Md Nahid Mia [1]

ABSTRACT

This study has been conducted in order to investigate the current status on health & hygiene systems, safety at work place basing on some selected garments factory. This research is a quantitative analysis. In this study, the employees of the Dhaka and Gazipur district have been considered as the population. Data has been collected from seven (7) garments factories from both districts. The sample size of the study is 200 workers. These sample respondents have been selected randomly. The collected data has been analyzed by using MS-Excel 2007. 'Z' test has been used in order to test the hypotheses. The study reveals that most of the factories don't follow the Labor Law properly regarding health and safety issues. The study also found that, the sector has some limitations in order to ensure the sound health and safety in the work place. Finally, on the basis of the limitations, some recommendations have been provided in order to improve the health, hygiene and safety at the work place.

Keywords: RMG, Health, Hygiene, Safety & Safety Committee

INTRODUCTION

Like other 3rd world countries, Bangladesh is a developing country. About 16,56,32,662 peoples live in the country only on 1, 47,570 km² areas of land. The population of the country is equivalent to 2.18% of the total world population. Bangladesh is at 8th position of the world population. About 35.7 % of total population lives in urban. The median age of people of the country is about 26.0 years (World meters, 2018). Most of the rural peoples of the country are illiterate and unskilled. As a result, they sell their labor at low price in different industries like Garments, Lather, Jute, Textile, Fisheries etc. The industries usually fail to ensure a sound working environment.

Bangladesh is a fast growing economy powered by the Readymade Garments (RMG) industry. RMG has been promoted the country in the world through the motto '*Made in Bangladesh*'. The RMG industry has

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become as one of the life lines of Bangladesh economy (Islam, et al 2016). The RMG industry plays an important role for the development of the country. The "*Made in Bangladesh*" is now become as a prestigious brand across the globe. Bangladesh, which was once, termed by cynics a "*bottomless basket*", has now become a "*basket full of wonders*". The country with its limited resources has been maintaining 6% annual average GDP growth rate and has brought about remarkable social, infrastructural & human development.

History of the Garments Industry

A garments industry consists of spinning, washing, dyeing, production, finishing and other sectors. All of these sector deal with the fabrics and there also have some sector that associate chemicals that are hazardous for our health. The textiles sector contains many hazards and risks to workers, ranging from exposure to noise and dangerous substances, manual handling and working with dangerous machinery. Each processing stage from the production of materials to the manufacturing, finishing, colouring and packaging poses risks for workers.

The first ready-made garment factory was established in New York in 1831. During the American Civil War, the need for ready-made uniforms helped the garment sector to grow up in the United States (Eric, 2007).

Bangladesh became independent from Pakistan in 1971. After the independence, the country was one of the poorest countries of the whole world. No major industries were developed in the country when it was known as East Pakistan due to discriminatory attitude and policies of the government of the West Pakistan. As a result, rebuilding the war-ravaged country with limited resources appeared to be the biggest challenge for the country.

Now the RMG sector is playing a vital role for the country's economy. The sector is especially important for export earnings. The sector is now gaining about 81% of total export earnings of the country. When our only major export earner "*the jute industry*" started losing its golden days then the RMG sector has taken the place of jute. The following milestones have been achieved by the RMG Industry of Bangladesh over the last decades;

Year	Milestone
1995	Realistic Solution of child labor issue with ILO, UNICEF & US Embassy
2005	Phase out of MFA Quota
2009	Successfully faced Global Recession
2010	Ranked as the 2nd Largest Exporting Country
2013	Ensuring workplace safety

The economy of Bangladesh is mainly dependent on agriculture. But it is a great news for the country that RMG sector has been raised as the biggest earner of foreign currency. The RMG is powered by young, urbanized workers where most of them are women. The growth of the RMG industry and employment in Bangladesh has been shown bellow;

Year	Number of Garment	Employment (in million workers)
Before 1982	47	-
1983-84	134	0.040
1988-89	759	0.317
1993-94	1839	0.827
1998-99	2963	1.500
2003-04	3957	2.000
2008-09	4825	3.100
2017	5000	5.00

About 75% of total garments are located in Dhaka. The rest 25% are located in Chittagong, Khulna, Comilla, Gazipur, Narayanganj, Rajshahi, Feni, Sylhet, Barishal, B-Baria, Mymensingh, Dinazpur, Narsingdi etc. This industry has created job opportunity for 50 lacks of people. Among them about 85% are illiterate and rural women (BGMEA, 2017).

The RMG industry is a strategic sector for Bangladesh. In FY 2013-14, it has provided 4.2 million direct jobs, 16% of total GDP and more than

75% of foreign exchange earnings. Over the past two decades starting from the early 1980s, Bangladesh has built a strong reputation centered on price advantage via low-cost labor, investment incentives, production capacity, and satisfactory quality levels, especially in value and mid-market price point segments. The major exported items of RMG sectors from Bangladesh are Trousers, Jackets, T-shirt, Sweater and Shirts (BKMEA, 2017).

The sector covers a vast opportunity to create job for the unskilled and unemployment people of the country. The garment sector has ensured employment opportunities to women from the rural. This sector has given women the chance to be financially independent. Now they have a voice in the family because they are contributing financially to their family. By 2013, there were approximately 5,000 garment factories, employing about 4 million people, mostly women (Paul et al., 2013). Large scale entry of women into the labour market especially through garments industry has been one of the most striking features of recent industrialization in Bangladesh (Akhter, et al., 2010).

Top 4 RMG exporters of the world

The RMG sector has achieved second position after China in exporting the apparel goods. The table below shows the world's top 4 RMG exporters country;

Rank	Country Name	World Market Share
1	China	38.6%
2	Bangladesh	5.1%
3	India	3.7%
4	Vietnam	3.7%

(The Daily Star, 2016)

Though Bangladesh is now the second largest RMG exporters in the whole world but in recent years there were lot of accidents occurred in the sector which has created a negative image into the globe. According to Bangladesh Institute of Labour Studies (BILS), about 1,841 workers laid down their lives due to different accidents including fire, building collapse in the sector over the last decade. More than 9,595 garment workers have been injured in the incidents; many of them have lost their ability to work. Among them, at least 1,135 workers laid down their lives and 2,500 others have injured in the Rana Plaza collapsed on April 24, 2013 at Savar. The United States (US) scrapped the Generalized System of Preferences (GSP) following the Rana Plaza building collapse citing Bangladesh's failure in ensuring internationally-recognized worker rights (The Daily Star, 2014).

Moreover, besides building collapse, fire accidents have also occurred in several times in the sector. A fire broke out at Tazreen Fashions at Ashulia’s; Savar on the outskirts of the capital and claimed 119 lives and gravely injured more than 200 on 24 November 2012 (The Daily Star, 2017). Rana Plaza and Tazreen Fashion accidents bring attention from home and abroad regarding fire hazards and building safety (Samaddar, 2016).

List below shows the number of deaths and causalities over the year from November 2012 to March 2016;

Causes	Death	Injuries
Fire	153	1223
Collapse	1135	2605
Others	---	40-600

(*Solidarity Center, 2016*)

The life of RMG workers is under risk in Bangladesh due to the different accidents. The above table represents that it is the right time to be conscious about the uncertain risk and also take initiatives against the accidents.

Significance of the Study

RMG is one of the important foreign earning sector of Bangladesh. Approximately 81% of total export earnings of the country come from the sectors. Bangladesh is now at the second position of the world in the field of apparel exporter. Though Bangladesh is in second position, but the workers of the sectors are deprived from different facilities. Especially, the workers and employees of the sector are facing different safety related problems e.g. fire, building collapse, unhealthy and unhygienic working environment etc. As a result of the said problems, different accidents have occurred over the last decades for both human lives and property. Moreover, the said accidents have also created a negative image in to the world market. As a result, the country is losing the foreign buyers which have negatively impacts on the total industry and also the economy too. In order to overcome from the situation, it is important to conduct research on safety and health related issues and also need to implement the findings of the research. Otherwise, the sector will lose the world market.

LITERATURE REVIEW

This research has been conducted basing on Bangladesh Labor Law 2006 specially focusing on the chapter five and six namely Keeping Hygiene and Safety. However, some articles also have been studied to conduct the research.

Occupational Health and Safety

Both ILO and WHO Committee defined the Occupational Health. They defined that Occupational health should aim at the promotion and maintenance of the highest degree of physical, mental and social well-being of workers in all occupations; the protection of workers in their employment from risks resulting from factors adverse to health; the placing and maintenance of the worker in an occupational environment adapted to his physiological and psychological capabilities and to summarize, the adaptation of work to man and of each man to his job. The occupational safety and health (OSH) commonly referred to as occupational health or workplace health and safety (WHS) is a multidisciplinary field concerned with the safety, health and welfare of people at work. However, the chapter five and the chapter six of Bangladesh Labor Law-2006 deals about the health and safety. Chapter five deals about the rules regarding cleanness, ventilation and temperature, dust and fume, disposal of waste and effluents, artificial humidification, overcrowding, lighting, potable water, toilets, washroom, dustbin and spittoon from section 51-60. On the other hand, chapter six deals with the safety of building and machinery, precautions as to fire, fencing on machinery, work on or near machinery, striking gear and devices for cutting off power supply, automatic machines, casing of new machinery, cranes and other lifting machinery, hoists and lifts, revolving machinery, pressure plant, floors, stairs and passages, pits, sumps, tunnel mouths etc. The requirements to use personal safety equipments have been explained from section 61-78 (BLL, 2006).

Safety

Safety is one of the important and mandatory production functions. Safety lapses are serious matters. The authorities concerned are harshly punished by the safety regulatory authorities for any acts of omission and commission. Unfortunately in Bangladesh, state safety regulation and intervention are extremely poor. Like everything else, it is also relegated more to a routine than any prevention or inspection function based only on the whims and desires of the factory owner. Over decades, no worthwhile safety audit has been seen, not even any kind of investigation or positive measures from the RMG factory owners or inspection authorities who are primarily responsible for safety in the work place (Ahmed & Hossain, 2009). A strong health and safety program can assure safety and sound health of employees. Rashid et al., 2015 concluded from their study that most of the organization does not follow all the provisions regarding health, hygiene and safety of workers as per the Bangladesh Labor Act 2006 amended in 2013.

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has formulated its own code of conduct for the industry in collaboration with the major trade unions and has set up a compliance unit that monitors labor conditions in its members' factories (UNIFEM, 2008). In 2006, the Government of Bangladesh passed a labor code namely Bangladesh Labor Law, 2006 (BLL, 2006). It applies to all workers and the new sections relevant to the garment industry include written contracts and identity cards, timely payment of wages, revised minimum wage, paid maternity leave and explicit laws against sexual harassment. Implementation of the Bangladesh Labor Law (BLL) 2006 is monitored primarily by Ministry of Labor and Employment (MoLE), factory inspectors, BGMEA and BKMEA, social compliance monitors etc. Besides inspecting and monitoring the status of the factories, BGMEA and BKMEA monitors provide advisory support to factory personnel so that they are able to implement the required adequate measures as stated in BLL, 2006. The Bangladesh Labor Law 2006 is amended in the year 2013 with modification in some clauses and with more detail elaboration of many terms.

Safety is one of the mandatory production functions. But in Bangladesh, the safety regulations and interventions are extremely poor. Like everything else, it is also relegated more to a routine than any prevention or inspection function based only on the whims and desires of the factory owner. Over the last decades, no worthwhile safety audit has been seen, not even any kind of investigation or positive measures from the RMG factory owners or inspection authorities who are primarily responsible for safety in the work place (Ahmed and Hossain, 2009).

Hazards

After more than a century of industrial experience and development of national regulations, international conventions, workers in Bangladesh continue to lose their health and lives while contributing in the national enrichment. The scenario becomes worse when it comes to women workers. The female workers are exposed to different occupational health hazards such as work environment hazards, physical hazards and mental hazards etc. The work environment hazards include long working hours, absence of leave facilities, congested and overcrowded working conditions, absence of health facilities and safety measures, absence of staff amenities, lack of safe drinking water etc. On the other hand, the physical hazards include exposures to toxic agents, awkward postures and repetitive motion etc. Exposure to sexual, verbal and psychological harassment and violence at their work places are some of the common mental health hazards. This hazard has not only affected the female workers' mental and physical being but also the quality of work and productivity of workforce nationwide (Ullah and Anam, 2015). Women are more vulnerable to occupational hazards than men (Lu, 2005). For instance, women workers in the electronics and garment industries are subjected to extended and intensified work manifesting in the phenomenon called work intensification and work extensification (Lu, 2009). That's why advocacy and policy framework for women's work should not only be directed locally and nationally, but must wield influences at the global level since the processes inside the work organization are just a reflection of the wider and broader realities occurring in the global arena to protect the workers from workplace hazards (Lu, 2011).

International Pressure on Health and Safety Issue

Buyers take decision to buy goods from four dimensions. These are price, quality, required time to produce the goods into marketplace and social compliance which includes compliance with labor standards (ILO, 2010). In modern age, the export of readymade garments not only depends on the quality but also on the working environment too. It includes the garments from where the product is to be produced so that the sweatshop concept is totally taken care of and the code of conduct must be stretched towards achieving the objectives of social compliance issues.

On the other hand, five key areas are identified where it is needed to strengthen the accountability to women is urgent like politics and governance, access to public services, economic opportunities, justice and finally the distribution of international assistance for development and security (UNIFEM, 2008).

Contribution of RMG sector to Economic Growth

Bangladesh has achieved high economic growth over the past two decades. The main contributor of the growth is garment exports. The country accounted for 4.8 per cent of global apparel exports in 2011, compared with only 0.6 per cent in 1990. Unregulated industry growth has contributed to poor working conditions in that sector which have acted as a barrier to sustainable development (ILO, 2013).

Research Gap

Lot of research has been conducted over the last couple of years on RMG sector for its exploration, growth and expansion in Bangladesh by different scholars, experts, teachers, professionals, business organizations. As a result, the RMG sector is now one of the important exporting sectors of Bangladesh. But in recent years, several accidents have occurred in the sector including fire accidents, building collapse etc. Due to these accidents, lot of losses has been occurred in employees' lives and properties. Lot of people lost their lives and some others received injuries for long run. Though lot of research has been conducted for the development, growth, expansion of RMG sectors in the country but it is really a matter of sorrow that a few researches have been conducted on the safety, health and hygiene issues. As a result, almost in every year, the sector faces different unexpected accidents. This accident creates a negative image into global market. For example, after Rana Plaza building collapse and fire accident of Taznin Garments, we have seen the European Union (EU) has stopped Generalized Scheme of Preferences (GSP) facility. It is true that, the stoppage of GSP facility creates a financial loss for Bangladesh but it creates more loss for a negative image in world market. Though the Government of Bangladesh has taken some effective measures in order to re-opening the GSP facility and also we re-opened it but we should go for finding the permanent solution of the said problem. Conducting research can find the weakness in the area. Government of Bangladesh, Industry ministry, BGMEA, BKMEA, different Scholars, Experts, Teachers should conduct more research in order to ensure the safe work place for the RMG workers.

METHODOLOGY OF THE STUDY

Statement of the Research Problem

In recent years, many accidents occurred in RMG sector of Bangladesh. These accidents have created a negative image into the world market about the sector. The buyers, different agencies, local and international communities have created pressures to ensure the safe work place, sound health and hygiene systems for the workers of RMG sector. As a result, it is the demand of time to ensure the safe working environment in the sector.

Nature of the Study

This research is a quantitative analysis. A Systematic approach has been followed in order to conduct the study.

Research Questions

This study has been conducted to find out the answers of the following questions;

i. Does the Garments Industry ensure sound health & hygiene systems into work place?
ii. Does the worker feel safe in work place?
iii. Do the garments factories follow the Labor Law properly?
iv. What are the major problems in health and safety management in RMG sector?
v. What actions (s) need to be taken in order to ensure safety, health & hygiene into the workplace?

Hypotheses of the Study

The study has been conducted on the basis of following hypotheses;

H_1: Working Environment of the factories is satisfactory.

H_2: Ventilation systems of the factories are satisfactory.

H_3: Hygiene systems of the factories are satisfactory.

H_4: Safety committees' performance of the factories is satisfactory.

H_5: Safety related logistical support of the factories is satisfactory.

Population, Sample, Sampling Techniques and Sample Size

In this study, the garments of Dhaka and Gazipur districts have been considered as the population. Here, data have been collected from seven (7) garments factories which are considered as the sample factories. The purposive method of sampling has been used in order to selecting the sample. Here, Random sampling technique has been used. The sample garments are Epyllion Knitwears Ltd., Talisman Ltd., Dekko Accessories Ltd., Agami Accessories Ltd., Aboni Knitwear Ltd. and Penta Forth Apparels Ltd. Data have been collected from different level employees like IE Officer, Production In-charge, Line Chief, Safety Assistant, Quality Officer, Line Man, Supervisor, Operator, Helper, Executive, Quality Inspector etc. Here data has been collected from a total of 200 respondents form the sample factories.

Types of Data Used and Data Source

In this study, both primary and secondary data have been used. Primary data has been collected from the sample factories. However, different articles, journals, books, newspapers, theses papers, websites etc. have also been used as the secondary source of information.

Instrument of Data Collection

A structured questionnaire has been developed to collect data from the sample. The questionnaire has been designed in order to satisfying the needs of study objectives. The questionnaire has been prepared as per Rensis Likert method. The questionnaire was mainly closed-ended type. A total of twenty five (25) variables have been used in order to collecting data which are directly related with health, hygiene and safety issues stated by Bangladesh Labor Law 2006. In every question, there were five (5) options like strongly satisfied (SS), satisfied (S), neutral (N), dissatisfied (D), and strongly dissatisfied (SD).

Analysis of the Primary Data

Different statistical tools and techniques like hypotheses, populations, sampling etc. have been used to conduct the study. MS-Excel 2007 has been used to analyze the data. One tail 'Z' test has been used to test the hypotheses. Here, the outcome has been calculated by multiplying the frequency (survey figure) with assigned point from 1 to 5 that represents strongly satisfied=5, satisfied=4, neutral=3, dissatisfied=2 and strongly dissatisfied=1. The weighted average has been calculated by dividing the total outcome with the sample size. Decision has been taken by comparing the weighted average value with standard value. Standard value has been calculated by dividing the total point with total options and the output is added with standard deviation. Standard deviation (∂) has been found by applying the formula $\sqrt{npq}$ (since Binomial Variance= npq) where, n= total sample, p=degree of probability, q=degree of non-probability which has been calculated by 1-p. Standard error ($\partial\chi$) of the mean for infinite population has been calculated by applying the formula $\partial/\sqrt{n}$. After the analysis of data, the hypotheses have been tested by using one tail 'Z-test'. Hypotheses has been considered as accepted when $\mu \geq$ of standard value and rejected when $\mu <$ of standard value. One tail 'Z' test is done at 90% level of significance.

Limitations of the Study

Sound safety and healthy working environment is now one of the preconditions in order to get foreign buyers. Global community is now more concerned about ensuring the workers safety and about their health situations in the sector. However, this study has been conducted in order to exploring the current scenario of health and safety into the RMG industry basing on some factories. This research has been conducted basing on the opinions from seven (7) factories only. But in Bangladesh we have more than 5000 garments factories. So, the small sample size is one of the important limitations of the study. Moreover, data has been collected from Dhaka and Gazipur district only. But now days the garments factories are located in many other districts of the country. As a result, this research is not the total scenario of the industry. On the other hand, there is an absence of enough research on the issues. As a result, it was difficult to get literal knowledge about the said issues and its practices. However, with all above limitations, the research work will keep a vital role in case of ensuring sound health and safety at work place.

OBJECTIVE OF THE STUDY

The main objective of the study is to know the current scenario regarding the health & hygiene systems and safety in the RMG sector of Bangladesh. The specific objectives of the study are;

i. To know whether the Labor Law is implemented properly or not?
ii. To identify the major challenge(s) of Health & hygiene systems & safety at work place.
iii. To find out the ways to overcome the challenges.

ANALYSIS AND FINDINGS

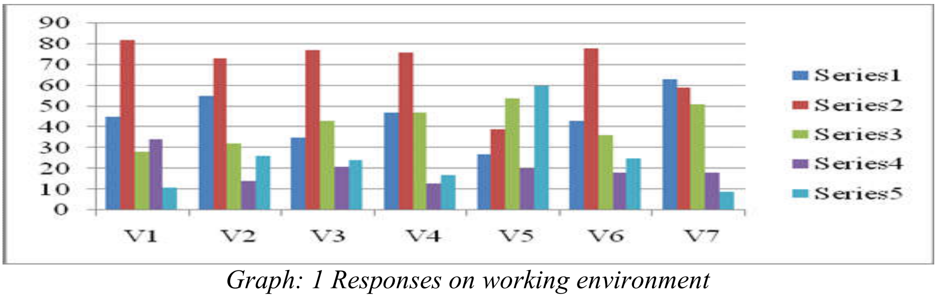
The study has been conducted to know the scenario of the health, hygiene and safety of the RMG sector of Bangladesh basing on some selected garments. The analysis of the collected primary data is presented below in order to get the scenario regarding health, hygiene and safety practices into the RMG sector.

A. Working Environment

Response	f	V1	V2	V3	V4	V5	V6	V7	V1 *f	V2 *f	V3 *f	V4 *f	V5 *f	V6 *f	V7 *f
SS	5	45	55	35	47	27	43	63	225	275	175	235	135	215	315
S	4	82	73	77	76	39	78	59	328	292	308	304	156	312	236
N	3	28	32	43	47	54	36	51	84	96	129	141	162	108	153
D	2	34	14	21	13	20	18	18	68	28	42	26	40	36	36
SD	1	11	26	24	17	60	25	9	11	26	24	17	60	25	9
Total	**15**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**716**	**717**	**678**	**723**	**553**	**696**	**749**
Standard Value	**3.5**	**Mean Value**							**3.45**						

Table: 1 Survey data on clean working environment

Outcome =Frequency (Survey Figure)* Assigned Point Weighted Average= Total Outcome (V1*frequency+V2*frequency+V3*frequency+V4*frequency+V5*frequency+V6*frequency+V7*frequency)/ Sample Size (200*7) =3.45. The weight average value is 3.45 which are lower than standard value 3.50. So, the respondents are not satisfied with the clean working environment. Here the responses of respondents are shown in the graph below:



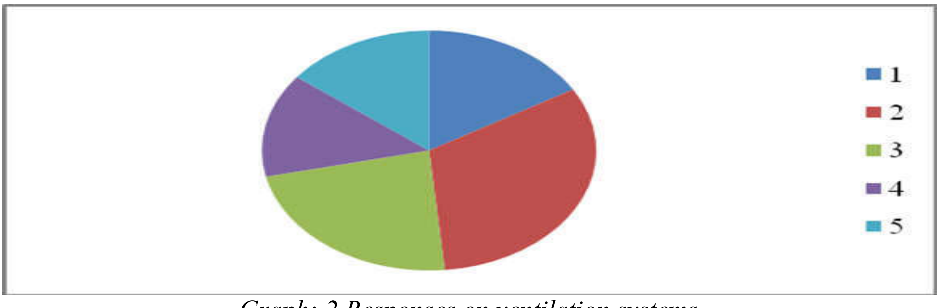
Graph: 1 Responses on working environment

Response	f	V1	V2	V3	V4	V1* f	V2* f	V3* f	V4* f
	B. Ventilation Systems								
SS	5	33	31	39	30	165	155	195	150
S	4	64	66	67	55	256	264	268	220
N	3	46	49	45	83	138	147	135	249
D	2	28	30	24	17	56	60	48	34
SD	1	29	24	25	15	29	24	25	15
Total	**15**	**200**	**200**	**200**	**200**	**644**	**650**	**671**	**668**
Standard Value	**3.5**	**Mean Value**				**3.29**			

Figure: 2 Survey data on ventilation systems

Outcome =Frequency (Survey Figure)* Assigned Point
Weighted Average= Total Outcome

(V1*frequency+V2*frequency+V3*frequency+ V4*frequency)/ Sample Size (200*4) = =3.29. The weight average value is 3.29 which are lower than standard value 3.50. So, the respondents are not satisfied with the ventilation systems of the factories. Here the responses of respondents are shown in the graph below:



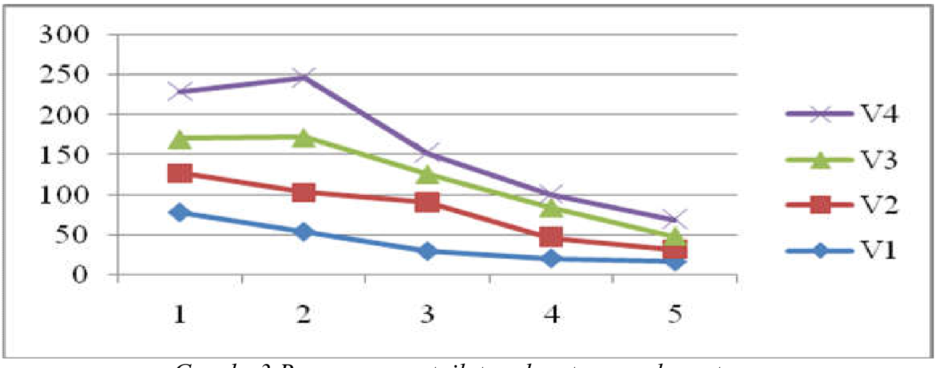
Graph: 2 Responses on ventilation systems

		C. Hygiene systems							
Response	**f**	**V1**	**V2**	**V3**	**V4**	**V1* f**	**V2* f**	**V3* f**	**V4* f**
SS	5	78	49	43	60	390	245	215	300
S	4	54	49	69	75	216	196	276	300
N	3	30	61	35	27	90	183	105	81
D	2	21	26	37	17	42	52	74	34
SD	1	17	15	16	21	17	15	16	21
Total	**15**	**200**	**200**	**200**	**200**	**755**	**691**	**686**	**736**
Standard Value	**3.5**	**Mean Value**				**3.59**			

Figure: 3 Survey data on toilet and water supply systems

Outcome =Frequency (Survey Figure)* Assigned Point

Weighted Average= Total Outcome (V1*frequency+V2*frequency+V3*frequency+ V4*frequency)/ Sample Size (200*4) = =3.59. The weight average value is 3.59 which are higher than standard value 3.50. So, the respondents are satisfied with the hygiene systems of the factories. Here the responses of respondents are shown in the graph below:

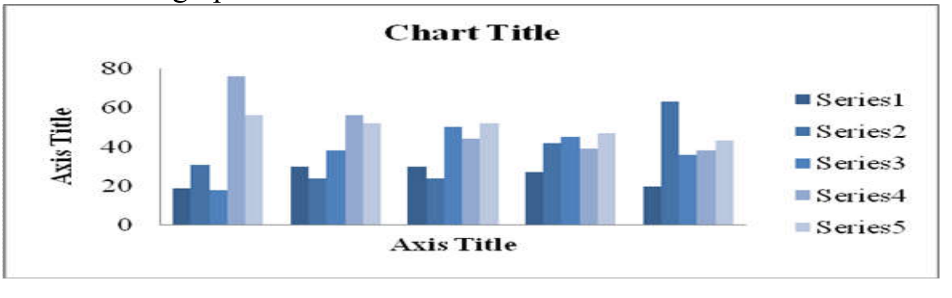


Graph: 3 Responses on toilet and water supply systems

Response	f	V1	V2	V3	V4	V5	V1* f	V2* f	V3* f	V4* f	V5* f
		D. Safety committee performances									
SS	5	19	30	30	27	20	95	150	150	135	100
S	4	31	24	24	42	63	124	96	96	168	252
N	3	18	38	50	45	36	54	114	150	135	108
D	2	76	56	44	39	38	152	112	88	78	76
SD	1	56	52	52	47	43	56	52	52	47	43
Total	**15**	**200**	**200**	**200**	**200**	**200**	**481**	**524**	**536**	**563**	**579**
Standard Value	**3.5**	**Mean Value**					**2.68**				

Figure: 4 Survey data on safety committee performances

Outcome =Frequency (Survey Figure)* Assigned Point
Weighted Average= Total Outcome (V1*frequency+V2*frequency+V3*frequency+ V4*frequency+V5*frequency)/ Sample Size (200*5) = =2.68. The weight average value is 2.68 which are lower than standard value 3.50. So, the respondents are not satisfied with the safety committee performances of the factories. Here the responses of respondents are shown in the graph below:



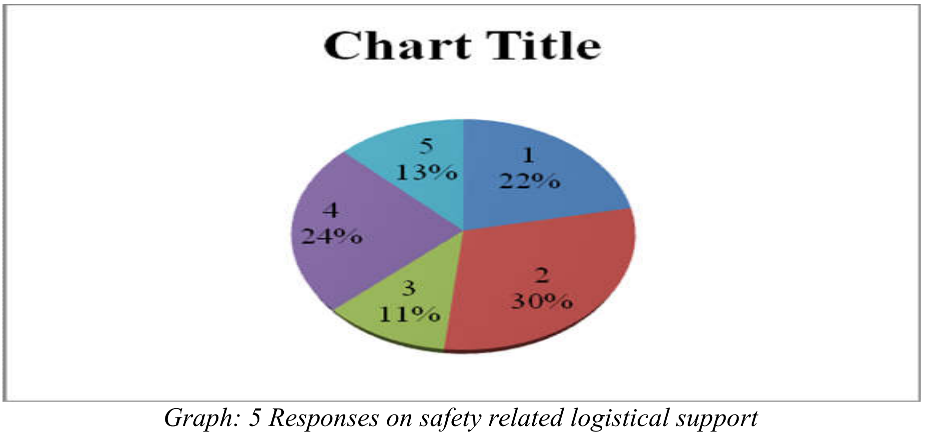
Graph: 4 Responses on safety committee performances

	E. Safety Related Logistical Support										
Response	**f**	V1	V2	V3	V4	V5	**V1* f**	**V2* f**	**V3* f**	**V4* f**	**V5* f**
SS	5	19	26	10	21	11	95	130	50	105	55
S	4	45	21	34	34	34	180	84	136	136	136
N	3	46	32	53	42	41	138	96	159	126	123
D	2	56	69	58	69	75	112	138	116	138	150
SD	1	34	52	45	34	39	34	52	45	34	39
Total	**15**	**200**	**200**	**200**	**200**	**200**	**559**	**500**	**506**	**539**	**503**
Standard Value	**3.5**	**Mean Value**					**2.61**				

Figure: 5 Survey data on safety related logistical support

Figure: 5 Survey data on safety related logistical support

Outcome =Frequency (Survey Figure)* Assigned Point
Weighted Average= Total Outcome (V1*frequency+V2*frequency+V3*frequency+ V4*frequency+ V5*frequency)/ Sample Size (200*5) = 2.61. The weight average value is 2.61 which are lower than standard value 3.50. So, the respondents are not satisfied with the safety related logistical support provided by the factories. Here the responses of respondents are shown in the graph below:



Graph: 5 Responses on safety related logistical support

Calculation of Standard Deviation

Calculation of standard deviation for 200 sample

Prerequisites
Data analysis, interpretation and findings:

Standard Deviation (∂) = $\sqrt{npq}$ (since Binomial Variance= npq)

= $\sqrt{200 * 0.5 * 0.5}$

= 7.07

Where n = 200

p = 0.5

q = 1-p

= 1-0.5

= 0.5

Standard error of the mean for infinite population:

$\partial\chi$ = $\partial/\sqrt{n}$

= $7.07/\sqrt{200}$

= 0.50

<u>Hypotheses Test</u>

Hypotheses: 1

At 90% level of significance

H_o: Working Environment of the factories is satisfactory.

H_1: Working Environment of the factories is not satisfactory.

Null Hypotheses H_o: $\mu \geq 3.5$

Alternative Hypotheses H_1: $\mu < 3.50$

At 90% level of significance, one tail Z test is done in the following table:

Confidence Level	Z Value	Z Observed Value	Decision
90%	1.64	-0.05	Rejected

Since the calculated value (-0.05) is lower than the table value (at 90% level of significance is 1.64 for one tail), the Null hypothesis is rejected. It can be concluded that working environment of the factories are not satisfactory.

Hypotheses: 2

At 90% level of significance

H_o: Ventilation systems of the factories are satisfactory.

H_1: Ventilation systems of the factories are not satisfactory.

Null Hypotheses H_o: $\mu \geq 3.5$

Alternative Hypotheses H_1: μ<3.50

At 90% level of significance, one tail Z test is done in the following table:

Confidence Level	Z Value	Z Observed Value	Decision
90%	1.64	-0.21	Rejected

Since the calculated value (-0.21) is lower than the table value (at 90% level of significance is 1.64 for one tail), the Null hypothesis is rejected. It can be concluded that ventilation systems of the factories are not satisfactory.

Hypotheses: 3

At 90% level of significance

Ho: Hygiene systems of the factories are satisfactory.

H_1: Hygiene systems of the factories are not satisfactory.

Null Hypotheses H_o: μ≥ 3.5

Alternative Hypotheses H_1: μ<3.50

At 90% level of significance, one tail Z test is done in the following table:

Confidence Level	Z Value	Z Observed Value	Decision
90%	1.64	0.09	Accepted

Since the calculated value (0.09) is higher than the table value (at 90% level of significance is 1.64 for one tail), the Null hypothesis is accepted. It can be concluded that Hygiene systems of the factories are satisfactory.

Hypotheses: 4

At 90% level of significance

Ho: Safety committees' performance of the factories is satisfactory.

H_1: Safety committees' performance of the factories is not satisfactory.

Null Hypotheses H_o: μ≥ 3.5

Alternative Hypotheses H_1: μ<3.50

At 90% level of significance, one tail Z test is done in the following table:

Confidence Level	Z Value	Z Observed Value	Decision
90%	1.64	-0.82	Rejected

Since the calculated value (-0.82) is lower than the table value (at 90% level of significance is -1.64 for one tail), the Null hypothesis is rejected. It can be concluded that safety committees' performance of the factories is not satisfactory.

Hypotheses: 5

At 90% level of significance

Ho: Safety related logistical support of the factories is satisfactory.

H_1: Safety related logistical support of the factories is not satisfactory.

Null Hypotheses H_o: $\mu \geq 3.5$

Alternative Hypotheses H_1: $\mu < 3.50$

At 90% level of significance, one tail Z test is done in the following table:

Confidence Level	Z Value	Z Observed Value	Decision
90%	1.64	-0.89	Rejected

Since the calculated value (-0.89) is lower than the table value (at 90% level of significance is 1.64 for one tail), the Null hypothesis is rejected. It can be concluded that safety related logistical support of the factories is not satisfactory.

RECOMMENDATIONS

In today's complex workplace, it is important to ensure a sound health and safety for employees into workplace. On the basis of the findings from the study, the following recommendations are given to ensure health, hygiene and safety into the RMG sector of Bangladesh;

a) The owners of the factories need to ensure a sound healthy work environment. In order to ensuring such workplace, the relevant sections of the Labor Law's need to apply properly. Moreover, the employer needs to take steps to clean the stair, floor & wall regularly. The owner also needs to take steps to varnish the walls, roofs as per Law. The employers need to keep balance between the work room space and the number of employees. Adequate number of dustbin, spittoon need to supply at workplace and motivate employees to use this. Effective initiatives need to apply in case of disposal of waste & effluents produce by the production process. Above all, consciousnesses need to create among each and every one of the factories.

b) The owners need to ensure adequate initiatives for ventilation of the factories. The heat, dust and fume which are created due to production systems need to control. Modern technology need to apply to remove these from the work place. Sufficient number of artificial lighting should be available at work place along with enough natural lighting through keeping clean glasses of window. Sufficient numbers of windows are also needed at the workplace.

c) Each and every factory need have safety committee. This committee need to closely work with the others functional areas. Each factories need to have emergency plan and this plan should be adequately implemented. Every one of the factories needs to involve with the plan. Every one of the factories needs to provide required guidelines about any unpredictable accidents. Safety related training, should be provided to the employees and workers in order to ensuring their adequate efficiency about handling emergency situation. Safety campaign can work well in order to creating consciousness among the workers.

d) Every factory needs to provide adequate logistical support to the concerned workers. Adequate personal protective equipment (PPE) should be provided at workplace. First aid facilities and registered doctor also need to be confirmed at workplace. Modern equipment, technology and well trained person have to be ensured at work time. Workers should be given training on safety issues in order to enhance their skills which will reduce the loss both financial and life both.

CONCLUSION

Health, hygiene and safety are important issues in present challenging workplace. Clean working environment motivates employee to be engaged with full concentration which increases the overall productivity of employees. On the other hand, these things also create reputation in market which also creates a competitive advantage over the rivals. Hygiene working environment and safety is especially applicable in RMG industry. Because, lot of people both educated and uneducated are working in the sector. Moreover, the economy of Bangladesh largely depends on the sector. In recent days, several accidents have occurred in different factories of the sector. These accidents have created a negative image in global market. As a result, it is now a challenge for Bangladesh to ensure the sound health, hygiene and safe work place. The study reveals that, the factories are not following the Labor Law properly in order to maintaining health, hygiene and safety in the sector. Most of the firm is not conscious about the clean working environment, ventilation systems, safety committee performances and the logistical support regarding the safety issues. On the other hand, most of the respondents are satisfied about the hygiene systems of the factories. In this situation, the Labor Law should be properly implemented to create a healthy working environment. Government also needs to closely monitor the sector. The BGMEA, The BKMEA can't avoid their responsibility regarding the issue. They should take actions against the factories who violets the Labor Law. The concerned ministry like Industry ministry, Commerce ministry also should closely monitor the sector. On the other hand, the concerned employees, workers, owners, buyers should be more conscious about the workplace. If all concerned parties play their duty properly than it will be possible to create a sound health, hygiene and safe work place in the sector. Thus, a better image will be created in the global market about the sector which will provide the sector a competitive position over the global environment.

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Appendix-1

Questionnaire
On
HEALTH, HYGIENE & SAFETY SCENARIO IN GARMENTS INDUSTRY: AN EMPIRICAL STUDY ON SOME SELECTED GARMENTS OF BANGLADESH

Dear Respondent,

From the following questionnaire a research will be conducted on **Health, Hygiene & Safety Scenario in Garments Industry: An Empirical Study on Some Selected Garments of Bangladesh**. The data that will be received from this questionnaire will be used only for the research purpose on the said topic and will not be disclosed to anyone. Please fill in the following requirements;

Name	**:**	Designation	**:**
Organization	**:**	Duration of work with this Organization	**:**

In the following cases, every statement has 5 options. Please tick **(√)** the right option from the following as per your own opinion.

Sl. No.	**Particulars**	**Strongly Satisfied**	**Satisfied**	**Neutral**	**Dissatisfied**	**Strongly Dissatisfied**
A.	**CLEAN WORKING ENVIRONMENT**	**(5)**	**(4)**	**(3)**	**(2)**	**(1)**
i.	Organization offers clean working environment					
ii.	The stair, floor & wall are cleaned regularly					
iii.	The stair, floor & walls are re-varnished & re-painted after a selected time (1-1.5 years).					
iv.	Facilities to disposal of waste & effluents					
v.	Overcrowded Work Place					
vi.	Availability of dustbin & spittoon					
vii.	Peoples voluntary participate on hygiene system					
B.	**VENTILATION SYSTEMS**	**(5)**	**(4)**	**(3)**	**(2)**	**(1)**
i.	The heat removal system					
ii.	Comfortable Ventilation & temperature					
iii.	Free from Dust & Fume					
iv.	Availability of natural & artificial lighting					
C.	**HYGIENE SYSTEMS**	**(5)**	**(4)**	**(3)**	**(2)**	**(1)**
i.	Availability of purified potable water					
ii.	Availability of cold water at summer					

iii.	Available clean toilets, washroom & water supply					
iv.	Separate washroom for male & Female					
D.	**PERFORMANCE OF SAFETY COMMITTEE**	**(5)**	**(4)**	**(3)**	**(2)**	**(1)**
i.	Safety manager closely works with others management					
ii.	Organization has emergency plan to face accident					
iii.	Early detection system to identify hazards					
iv.	Organization provides guidelines, guidance notes & training to general workers					
v.	Performance of Safety campaign					
E.	**SAFETY RELATED LOGISTICAL SUPPORT**	**(5)**	**(4)**	**(3)**	**(2)**	**(1)**
i.	Organization provides first aid facilities					
ii.	Available resources, equipment & trained worker to response in emergency situation					
iii.	Available Personal Protective Equipment					
iv.	Arrange training to face emergency situation					
v.	Performance of Safety committee					

Please Give Your Opinion (If Necessary)

Thanks for Your Participation.

SERVICE ETHICS AND INDUSTRY COMPETITIVENESS AMONG STARTUP AND EMERGING ENTERPRISES IN INDIA

Rohit Kanda [1]
Harish Handa [2]
Pushpkant Shakdwipee [3]

ABSTRACT

The purpose of this paper is to explore the ethical practices in the business dealing aspects of start-up and emerging enterprises in variant industries in service sector in India. This is a **descriptive research in nature. A survey was the primary method of data collection.** Key Personnel(s) / Official(s) of the above Organizations interviewed / surveyed, as its internal stake holders. Customers in reach, nearby observers, government representatives, independent company auditors etc. with questions about EBP in service delivery quality and service failure handling, were the external stakeholders. Stratified random sampling has been used for the purpose of sampling, with a supplement of simple random sampling. Most of the Firms in Industries such as Business Services, Trading, and Transport, Storage and Communication, were observed believing EBP. More Firms in Construction, Community, Personal and Social Services, Finance, Insurance and Other Service Industries, were observed believing EBP. In Real Estate and Renting, Equal No. of Firms observed believing / not believing EBP. Low Ethics Less Growing Start-ups are highest in case of Finance Industry that is a common observation in case of much small start up finance firms. The paper is an original work and is a partial derivation from the whole Ph.D. work presented at University of Houston Annual International Conference 2018 USA. The above is a part of research work submitted to Pacific University, Udaipur (India). **The study will be well useful to analyse the various aspects and dimensions of a service start-up, with respects to its ethical business practices and organizational competitiveness. As it gives us a representation from different industries, the study would be well helpful to profile out the efficient positioning and strategy of a prospective service start-up in a particular market setup.**

Keywords: Ethical Business Practices, Service Startup across Industries, Competitiveness. JEL Classification: G34, L21, L26, L80, L81, L82, L83, L84, L85, L88, L89.

INTRODUCTION

Business management scholars have been searching for a business case for CSR since the origins of the concept in the 1960s. The CSR of the 1960s and 1970s was motivated by social considerations, not economic ones. Codes of ethics are often not supported by training in ethical practices for employees. It is not clear whether confidential reporting lines are used effectively and, in many cases, no senior manager is clearly designated to handle ethics issues. In the last decade; in

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particular, empirical research has brought evidence of the measurable payoff of corporate social responsibility (CSR) initiatives to companies as well as their stakeholders. Ethical Codes in the Indian context have not been subjected too much scrutiny. A culture that is conservative in monetary terms attaches a very high value to created wealth, in turn, leading to business practices bringing change in lives of many and ensuring the process of wealth creation. Most of the well **established firms** have a well written ethical code of conduct and they strictly follow it. These firms are successively increasing their participation in the CSR activities. **Small start-up firms stress on revenue collection**. The article is about some insights from a recent research on ethical practices in the business dealing aspects of start-up and emerging enterprises in variant industries in service sector in India. The author plans to present the views of service sector stakeholders (both internal and external) in a summative manner to form up a summative comment on the existence of ethical business practices in service setups in start-up and emerging segment in India and give a near conclusive remark on the suggestion to improve up the anomalies in the environment and the organizations in service sector in India, especially the start-up and emerging ones. Till present most of the regulations regarding business ethos, good governance and corporate social responsibility are only focused on large public listed companies. This brings up a gap within the ethical regulation of the business.

Approaching towards our Focus Group, i.e., Indian Service Sector, which is the youngest and also the fastest growing sector of economy & having the largest share in the structure & growth of the economy, is the foremost tool of growth and development of nation, we can have. But this sector in recent past many a times, especially in India, has been accused of its service failures and incompetence, arising out of irresponsible behavior / treatise of management or professionals at various levels. Business houses get involved in unethical business practices to increase their profits or to improve their capability in market. This urges out the need for studying out the matter. More empirical and theoretical research work is needed to firm up the exact modular relationship between the societal culture and business ethics, in context of those segments In this research focusing on Emerging and Startup Indian Service Sector Corporates, we have studied the status of ethics in their practices and the need and possibility of revival (Kanda, 2017). It will contribute towards the exploration of exact modular relationship between the societal culture and business ethics, in context of those untapped segments.

LITERATURE REVIEW

Literature suggests that with regard to our segmented sample, s**mall start-up firms stress on revenue collection**. Discussing the recent literature in Indian context, Mulla (2003) observes that "Efficacy of corporate initiatives in the ethical regard in Indian Environment remains to be seen". Husssaini (2014) argues that "Ethical and Compliance Policies are not in place in Indian IT Firms and there is a strong need to improve up to reach up to global standards, if they wish to succeed in global market over a long term". Mishra - Dalvi - Sahni - Verma (2014) stress that "Most of the well established firms have a well written ethical code of conduct and they strictly follow it". Whereas, small start-up firms are suggested stressing on revenue collection. It is empirically proved that "ethical practices in business help to create favorable relationships with other organizations and establish long-term positive relationships with existing and potential future customers" and hence "Grow and Sustain in Long Run" (Kanda - Handa, 2018a, b). In detail discussion of above is as follows:

Campbell and Malan (2002) suggest that Moral business is good business, especially if you want to stay in business. "Recent business collapses, as a result of poor business governance, both locally and internationally, have once again emphasized the importance of doing business Morally,""Good Ethos makes good business sense," stresses Malan. "Long-term Surplus ability depends on sustainability, and to ensure sustainability in the twenty-first century you need to focus on integrated financial, moral and environmental performance at the same time – the so-called '**triple bottom line**'," he argues. He further adds that 'basic Moral infrastructure' involves such things as official entity codes of conduct and ethos and official entity confidential reporting lines to allow 'whistle-blowers' to report wrongdoing. "Codes of ethos are often not supported by training in moral practices for employees, it is not clear whether confidential reporting lines are used effectively and, in many cases, no senior manager is clearly designated to handle ethos issues," he reports."Entities need to refocus on the Ethos function and ensure that their basic infrastructure is backed up by effective ethos management practices," he states. He supported his opinion by second King Report on

Business Governance, which clearly states that entities should demonstrate a commitment to organizational integrity.
Blowfield (2003) in his work embellishes that we need a more rigorous approach to understanding whose rights are being considered and whose are being denied. There is output that certain issues will be overlooked or excluded from standards in the future because they cannot be codified or measured. What is more, others have de facto been removed from negotiation as a term of business participation in moral sourcing. Put another way, businesses' expectations regarding their engagement may be that civil society and government will leave unquestioned such rights as the freedom to trade, to invest and disinvest and to defer to sell mechanisms as the arbiter of fair price.

In particular, once one gets beyond the broadest definitions, sustainability needs to be recognized as a contested and subjective concept, the negotiation of which will be influenced by the perceptions and, above all, power of different parties. A just outcome from such negotiation (and justice is an inherent part of sustainability) is not simply a question of attempting to involve interested parties (although, given the differences in interests, education, location, culture, etc., that in itself will be an immense challenge) but also a question of developing means of negotiation that are not inherently biased towards a particular party or world-view. This may seem to support the notion of stakeholder engagement or partnership as essential to sustainable supply chain management, building on the widespread advocacy of such approaches in business social responsibility literature. Yet these notions may be as ideationally rooted as the other instruments of moral sourcing, leading to the possibility that they will only recognize, benefit and reproduce those who conform to the social, economic and political formations from which such instruments have emerged. If this remark serve as a note of concern for civil-society entities, ardent to hold multi-sectoral partnership, it must also dole out the same use for those fanatical to cheer a industry case for moral sourcing. Business will be powerless to edge risks, add to its name or just gain a steadfast supplies, if it employs approaches that disregard or feign the good of developing economies.

Mulla (2003) comments upon that the efficacy of business initiatives in the Moral regard in Indian environment remains to be seen. Till then employees' personal initiative and dynamic leadership for a sustainable moral character will consumer for.

Dunning and Wales (2004) while giving their opinion on Global Capitalism says that If global capitalism, arguably the most efficient wealth creating system currently known to man, is to be both economically viable and socially acceptable, each of its four constituent institutions (sells, governments, supranational agencies, and civil society) must not only be technically competent, but also be buttressed and challenged by a strong moral ethos.

Seshadri, Raghawan and Hedge (2007) expresses their view that business Ethos are also about creating an morally sound consumer environment within organization and about modelling moral behavior by leadership. Their work suggests that it makes good long term business sense to be moral.

Freeman, York and Stewart (2008) exclaim that human life is rich and complex and not reducible solely to an economic calculation. If we have learned anything from the collapse of state socialism, it is that governments and centralized approaches do not Consumer very well. Businesses can and often do stand for something more than surplus ability. Some, like IBM, stand for creating value for consumers, employees, and shareholders. On this behalf, they had summated a few of green principles at large towards the stakeholders.

Pivato, Misani and Tencati (2008) model the role of trust as a mediating variable, which shapes the relationship within the CSR activities and entity performance. Barnett (2007) set out the construct of stakeholder influence capacity, which examples how situational contingencies may affect the impact of CSR activities on entity financial performance. It is critical to apply the contingency view as suggested by Barnett (2007) and account for the role of mediating variables as proposed by Pivato, et al. (2008) in the exploration of the relationship within CSR and entity financial performance.

Pal (2009) further expands the view stating that through the positive linkage within directors' remuneration and revenue from additionality, the moral arm of business governance would further be strengthened.
Carroll and Shabana (2010) exemplifies that the broad view of the business case for CSR enables the entity to enhance its competitive advantage and create win–win relationships with its stakeholders, in addition to realizing surpluses from cost and risk reduction and

legitimacy and reputation benefits, which are realized through the narrow view. The broad view enhances the acceptance of the business case for CSR, because it acknowledges the complex and interrelated nature of the relationship within CSR and entity financial performance. Recognizing this complexity translates into a clearer understanding of the impact of CSR initiatives on entity financial performance while accounting for the effects of mediating variables and situational contingencies. To formulate a successful CSR strategy, entities must understand that the benefits of CSR are dependent on mediating variables and situational contingencies.

Velentzas and Broni (2010) expresses that nowadays Ethos in business are obligated because many businessmen are only interested in making money despite the Moral costs or the harm they would probably cause to person or even to nature (environmental pollution). As per them, many entities are choosing to make a public commitment to moral business by formulating codes of conduct and operating principles. In doing so, they must translate into action the concepts of personal and business accountability, business giving and business governance.

Jalil, Azam and Rahman (2010) bring out a more comprehensive view. As per them, ethos and moral behavior are issues which are increasingly being focused on the business society today. Person is becoming more concerned about what is actually happening in business entities in the name of competition, growth, and surplus ability. Entities are crossing the red zone of Ethos and Moral behaviours. A growing number of entities are constantly surveying and evaluating the unmoral practice in business entities worldwide. It is **empirically proved** that moral practices in business entities help to create good relationships with other entities and can also establish long-term positive relationships with existing and potential future consumers. As per their work, it is very essential to have a code of business ethos in every business organization and this code of business ethos must be implemented in the organization in objective and effective way.

Smart, Barman and Gunasekera (2010) observes that strong moral decisions that go beyond upholding the law can add great value to a brand, whereas a failure to do the right thing can cause social, economic and environmental damage, undermining a entity’s long-term prospects in the process. They recommends that Business communications and reporting on sustainability need to do more than just pay lip service to the green agenda, and hence, ethos must be embedded in business models, organizational strategy and decision making processes. Governance structures should include person with appropriate skills to scrutinize performance and strategy across social, moral and environmental issues. Mishra and Sharma (2010) extending the aspect disserts that an effective CSR decision within specific industries and entities is becoming increasingly accepted, but its implementation varies all across.

Tonello (2011) interprets that in the last decade; in particular, empirical work has brought output of the measurable payoff of corporate social responsibility (CSR) initiatives to entities as well as their stakeholders. Entities have a variety of reasons for being attentive to CSR. It had to do with the long-standing divide within those who, like the late economist Milton Friedman, believed that the entity should pursue only its shareholders' economic interests and those who conceive the business organization as a nexus of relations involving a variety of stakeholders (employees, suppliers, consumers, and the society where the entity operates) without which durable shareholder value creation is impossible.

He asserts another impetus that Even though CSR came about because of concerns about businesses' detrimental impacts on society, the theme of making money by improving society has also always been in the minds of early thinkers and practitioners: with the passage of time and the increase in resources being dedicated to CSR pursuits, it was only natural that questions would begin to be raised about whether CSR was making economic sense. He recognizes that in addition to the guardians of entities' financial well-being, other groups such as shareholders, social activists, Governmental bodies, Consumers, are well concerned with the wellness of entity in the pursuit of their respective combined interest. Considering such counterparts, positive effects of CSR on entity performance includes reducing costs and risks, equal employment opportunity decisions and practices, energy-saving and other environmentally sound production practices, society relations management, gaining competitive advantage, developing reputation and legitimacy, seeking win-win outcomes through synergistic value creation. James, Jr. (2013) acclaims those business entities that contribute to the increase in the density of local food production. They identify the emerging business practices, Ethos principles, and competition in this regard and new cooperatives will be better aware of viable business models based on Ethos. Donaldson describes that Business Ethos are business actions in light of some aspect of human value. There is no viable universal standard that can be applied to everyone. This separates them from what would have been the ethos or mores of the person today.

Labbai (2013), further extending the approach, argues that entities must adopt and disseminate a written Code of Ethos, build a entity tradition of Moral behavior, and hold its person fully responsible for observing Moral and legal guidelines. He acclaims that entities, who are able to innovate new solutions and values in a socially responsible way, are most likely to succeed.

Nainawat and Meena (2013) address Ethos as the first line of defence against corruption. They stresses that the absence of Good Business Governance will definitely lead to questionable practices and business failures. Rebelly and Ragidi (2014), in their work based upon NTPC, asserts that Entities must make Surplus to survive with growth, but within the Moral bounds.

Husssaini (2014), in her work on Top Indian IT Entities, opines that there is a strong need to formally address the Moral issues with all seriousness. She further adds that the Moral and Compliance Decisions are not in place in Indian IT Entities and there is a strong need to improve up to reach up to global standards, if they wish to succeed in global sells over a long term. A standard for measuring and reporting Moral behavior in business should be adopted to validate the claims of it being Moral.

Sharma (2014) further exclaims that Moral Codes in the Indian Context have not been subjected too much scrutiny. She disserts that most Indian Codes, at present, are heavily rule based and complex, reducing the ease. She prospects that Indian Ethos' Code will move from mere compliance to a new value based sphere.

Kain and Sharma (2014) further recommends that by adopting the NHRC (National Human Rights Commission of India) Code of Ethos, Indian enterprises can lead hundreds of MNCs that have adopted the United Nation's "Protect, Respect and Remedy" Framework.

Mishra et al. (2014) observes that most of the well established entities have a well written Moral code of conduct and they strictly follow it. These entities are successively increasing their participation in the CSR activities. Whereas, the **small start-up entities are usually observed stressing on revenue collection**.

Kshatriya (2014) exclaims that business world across globe has started looking east, particularly India, for Moral Business Models. He suggests that a culture that is conservative in monetary terms attaches a very high value to created wealth, in turn, leading to business practices bringing change in lives of many and ensuring the process of wealth creation.

Patel and Schaefer (2014) further argue that choices about specific Moral behaviours do not depend on static and universal set of rules. They suggest that four predominant types of Moral behaviours coexist in every social system, linked to the dynamic coexistence of the four solidarities or cultural patterns, especially in Indian context. It implies that managers from one national background show greater Moral awareness than that of others having a variant. They further suggest that Moral codes created in the context of one cultural pattern are unlikely to be accepted by employees having the different cultural backlogging and thereby difficult to implement. Further no one strategic business model, code or approach is applicable in this world in all respects in all business entities. They further add that more experiential and notional effort is desirable, to part up exact modular association in group culture and business philosophy.

Research Gap and Importance

As per the above literature review, only a least or negligible research is found on the phenomenon with regard to Indian service sector firms in a rigorous manner. In respect of start-up and emerging enterprises, hardly any study have been found taken place, in Indian services context especially. Further, law has not captured the segment till date to work on the betterment of standards in the said segments. Thereby this study prospects to assess the scenario of ethical business practices in the above enterprises and suggest community and legislative solutions required for the purpose, if any, and also to suggest that whether there is a need in amendment of law to make the corporate compliance and governance to be more compliant and confirmatory to the accepted lines of business code and ethics. Further looking at the given sector, ethical failures are substantially observed in services. Still the service sector is the most growing sector of the economy. It has been theoretically urged that "small start-up firms stress on revenue collection". Further, the going on studies in India are mostly focused on large firms, based on the secondary Information. The present study has attempted to cover the same research gap by using different data sources relevant to the study**.** The problem is of substantial importance on account of the corporate governance practices opted by Indian firms as a part of global economy as well as not as such significant work being done on the above said phenomenon. This study is a significant study, as it tends to give a clear picture of the collective scenarios of Indian businesses in this context and make a useful contribution towards the phenomena (Kanda, 2017).

OBJECTIVES OF THE STUDY

a. To identify the ethical practices followed by Indian Service Start-up Corporates; and

b. To find the Impact of Ethical Business Practices on the Competitiveness of Service Sector Startup and Emerging Enterprises in India**.**

c. **To find** whether dimensions and effectiveness of opted Ethical Business Practices varies across based on industry differentiation and the resultant i**mpact of Ethical Business Practices on the Competitiveness of Service Sector Startup and Emerging Enterprises.**

Scope of the study

This research regarding the **Existence and Practicability of Ethical Conduct in the Present Competitive Business Environment** is prepared for the period starting from the date of project inception to the project conclusion. So, this study presents an overview regarding the Indian business practices in service sector for this period and other allied facts and figures. Apart from that it also gives us a brief view of the global trend and the situation of the Indian economy in the present competitive scenario (Kanda, 2017).

METHODOLOGY

Being a Qualitative Research, design opted for this research is Descriptive Research Design, where Survey is the Primary Method of Data Collection. For the purpose of Primary Data Collection, Structured Data Collection Design of survey method has been used with the majority of Close-Ended Alternative Design of Questions in the questionnaire. For the Purpose of Interviewing, Primarily Personal Interviewing with a supplement of Telephonic & Electronic Interview Techniques of interviewing has been used, depending upon the reach and availability of sample. In some cases, Observation was also used as a supplementary source of data collection whenever applicable. A Pilot Survey on 10 Percent of the Sample, i.e., 20 Organizations, was initiated in inception to leash out the anomalies left, which followed a Main Research Survey, after corrections, in the respective sub-sectors.

Methods for the data collection from the above sources included Sample Survey, Observation, Expert Opinion and Secondary Data Analysis as appropriate with a Sample Size of 0.51 % (all India sample of 203 Concerns out of Total 39,971 Concerns in Service Sector India*), adjusted based on adequate representation of the industry and region (Kanda - Handa, 2018a, b).

Measurement and Scaling

As per the objective 1, based upon a pilot Survey of 10 Enterprises in NCR, following Dimensions of Ethical Business Practices in Services have been identified and considered for measurement (Measured on Ten Point Scale - Each Comprising of 10 Variables): EBP1 - Customer Relationship Management; EBP2 - Public Relations; EBP3 - Social Cause; EBP4 - Public Disclosure; EBP5 - Corporate Social Responsibility & Governance; EBP6 - Product Quality; EBP7 - Organisational Citizenship; EBP8 - Service Failure Handling; EBP9 - Grievance & Redressal; EBP10 - Other Factors (Stake holders' survey). Based on the earlier business studies and measures of corporate performance, Organisational Competitiveness is measured for last five years (2011-2016), based on following criterion, which jointly made OCFY for the covered five years (OCFY1, OCFY2, OCFY3, OCFY4, OCFY5), measured on a 10-point scale: OC1 - Business Image, Stakeholders' Opinion and Social Entity (in concerned region); OC2 - Financial Performance and Administrative Efficiency (in the Industry);

OC3 - Employee Morale and Organisational Corporate Citizenship (In general); OC4 - Business Turnover and Marketing Costs (Industry, Sectoral and National Average); and OC5 - Quality Assurance, Product Utility and Other aspects (based on Segmental Standards). Weighted Averaging has alike: OCFY = (OC1 + OC2 + OC3 + OC4 + OC5) / 5. For large corporates, if taken in some instances, sample has been taken more than once, considering regional variation. **For questioning throughout the different segments of survey, questionnaire rating scales such as category scales, summated rating Likert scale, and graphical rating scale have been used for the purpose. Dichotomous questioning is also used for some of the basic incepting questions such as to ask about the existence of ethical governing structure in the organization** (Kanda - Handa, 2018a, b)**.**

Sources of Information

For preparing project report different types of information is collected from different sources. The primary sources of this study included primary market survey, various meets, interviews & seminars with the various economists, analysts, industry and spokespersons (relevant and accessible) of respective fields as well as general condemn of society at large. The main secondary sources for this project work data and other facts collected through internet, news papers and journals, and reports and statistics of various organizations which include annual reports, special reports, surveys and facts of analysis etc.

Sampling Criterion

For the purpose of sampling, companies / other registered organizations in service sector, having its span of operations in India were considered as population. Bearing the clause of confidentiality pertain a sensitive study, individual identities are not disclosed herein.

Sample Size

A sample of roughly 400 was used for this study. For the purpose of primary data collection, 203 Service Concerns PAN India was taken into consideration (as a caution, 300 contacted and only 203 responded). There was a three tier survey. A total of 203 Key Personnel(s) / Official(s) of the above Organizations were interviewed / surveyed by the above mentioned modes of data collection, as its internal stake holders. They were asked about the existence of EBP in corporate world and their organization, the details of EBP opted by their concern for its service delivery, and the impact of such EBP on the

organizational and business growth of their organization. 203 Customers in reach, nearby observers, Government representatives, Independent Company Auditors, Independent Research Organizations, Research Groups, CSR / Corporate Governance Organizations, etc. with questions about EBP in service delivery quality and service failure handling, as the external stakeholders. In total, for the research presented herein data form 406 questionnaires / respondents was taken under consideration. **The detail of survey in respect of samples covered is as follows:**

Range / Area of Activity	**No. of Companies**	**Sample**
Business Services	9,752	50
Community, Personal & Social Services	3,064	15
Construction	5,345	25
Finance	8,237	40
Insurance	135	5
Transport, Storage and Communications	1,447	5
Real Estate and Renting	3,859	20
Trading	6,214	30
Others	1,918	13
TOTAL	**39,971**	**203**

*** Source:** Annual Report 2014-15, Ministry of Corporate Affairs, GoI.

<u>Note:</u> **Population, here for the purpose of this research consisted of** companies / other registered organizations in service sector, having its span of operations in India **in the respective activity. Since it was given by the existing research body that** "Most of the well established firms have a well written ethical code of conduct and they strictly follow it". Whereas, "Small start-up firms stress on revenue collection" and **have a greater probability of getting indulged in unethical practices (**Mishra - Dalvi - Sahni - Verma, 2014**), thereby in order to make survey representative, the focus of population laid especially on start-up and emerging business concerns. Sectoral quota as well as industrial regions has also been considered while determining the size and proportion of sample, based on share of each sector / region in the total investment as well as contribution to the GDP growth of nation.** Sampling Technique(s) Stratified random sampling has been used for the purpose of sampling, with a supplement of simple random sampling.

Judgmental and/or Convenience sampling have been used in exceptional cases.

Statistics used (All India Bases)

'NIIR - All India Companies Directory - 6th Edition', well providing about the key official(s) as well as other necessary details has been used for the purpose of statistics for allocating sample out of above mentioned population. Regional Yellow Pages Dairies and respective industry association databases have also referred for the purpose. Besides, other significant statistics have been used to supplement it.

Data Collection Technique(s)

For the purpose of primary data collection, data have been collected through personal interviewing wherever desired as well as within the reach of researcher, with a supplement of enumerators / mail questionnaire / e-mail interview / questionnaire / etc.

Sampling Variable

Key Personnel(s) / Official(s) of the above organizations interviewed / surveyed, as its internal stake holders. Customers in reach, nearby observers, government representatives, Independent Company Auditors etc. with questions about EBP in service delivery quality and service failure handling, were the external stakeholders.

RESULTS / FINDINGS

1) Industry Sample Representation

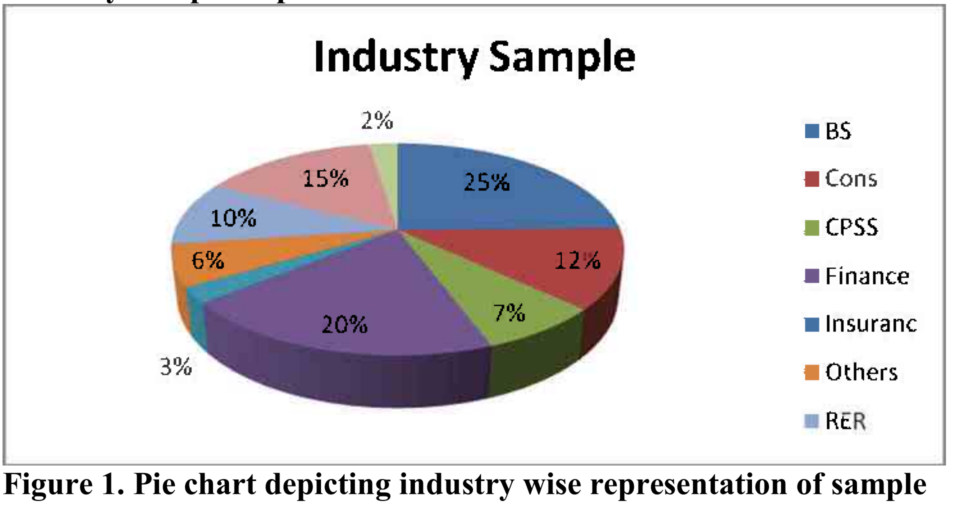

Figure 1. Pie chart depicting industry wise representation of sample

Interpretation: Maximum Sample is from Business Services, followed by Finance, Trading and Community, Personal & Social Services etc.

2) Believe in Ethical Business Practices (EBP) and Scenario of EBPs

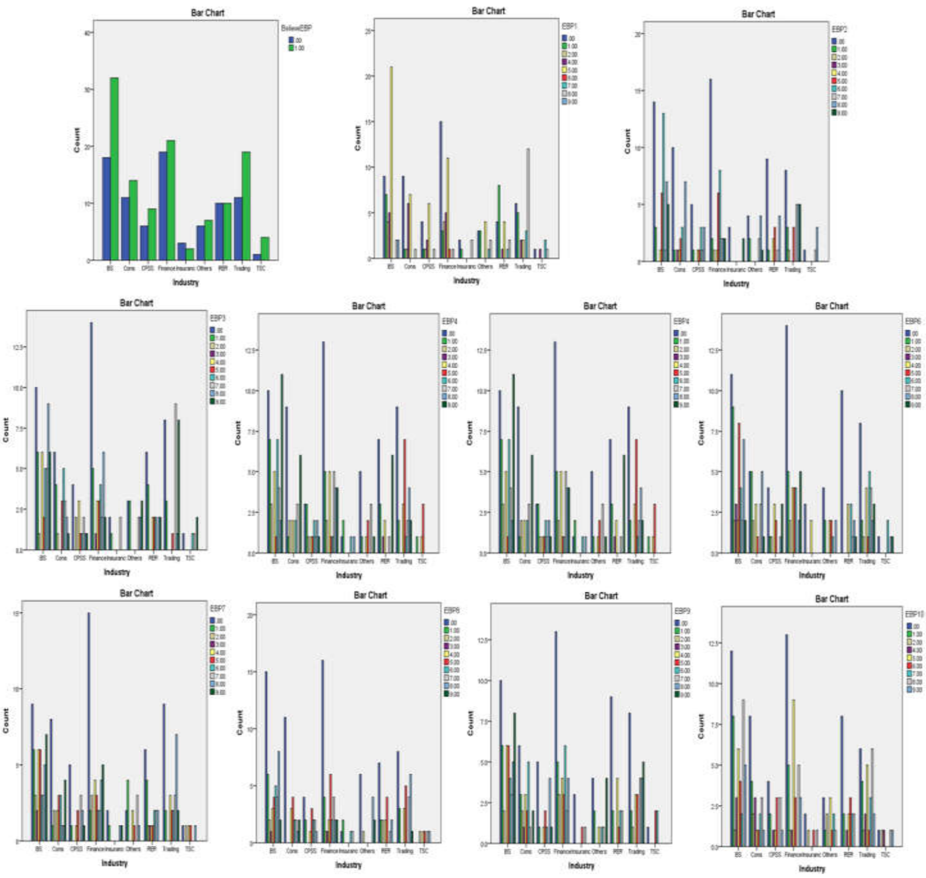

Figure 2. Bar charts depicting industry wise belief in ethical business practices (EBP) and height of different dimensions of EBP among different industries in Indian service sector.

In Business Services (BS), most firms observed believing EBP. In Construction, more firms are observed believing EBP. In Community, Personal and Social Services (CPSS), more firms observed believing EBP. In Finance, more firms are observed believing EBP. In Insurance, more Firms observed not believing EBP. In Others, more firms observed believing EBP. In Real Estate and Renting (RER), Equal No. of firms observed believing / not believing EBP. In Trading, most firms observed believing EBP. In Transport, Storage and Communication (TSC), most firms observed believing EBP.

3) Organisational Competitiveness: Financial Year 1 to 5

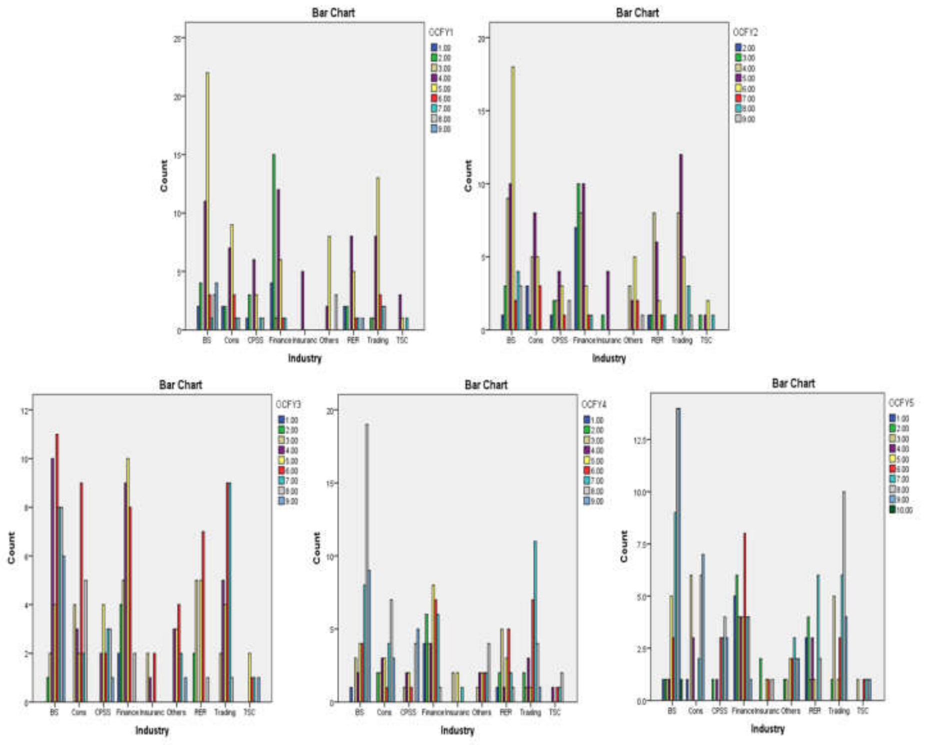

Figure 3. Bar charts depicting organizational competitiveness (OC) among different industries in Indian service sector across a timeline

4) Clustering Analysis (Industry Representation)

Based upon the study results, the sample firms have been apportioned among 2 clusters, namely, **'Low Ethics Less Growing Start-ups'** (Cluster 1) and **'Highly Ethical Fastly Growing Start-ups'** (Cluster 2). **Low Ethics Less Growing Start-ups** are maximum in case of Finance Industry, that is a common observation in case of many small start up finance firms, followed by Business Services, Construction/Trading, Real Estate and Renting (RER), Community, Personal & Social Services (CPSS)/Others, Insurance, Transport, Storage and Communications (TSC) Industries. Whereas, **Highly Ethical Fastly Growing Start-ups** are maximum in case of Business Services (BS) Industry, followed by

Finance, Trading, Construction, Real Estate and Renting, Community, Personal & Social Services (CPSS), Others, Transport, Storage and Communications (TSC), Insurance Industries.

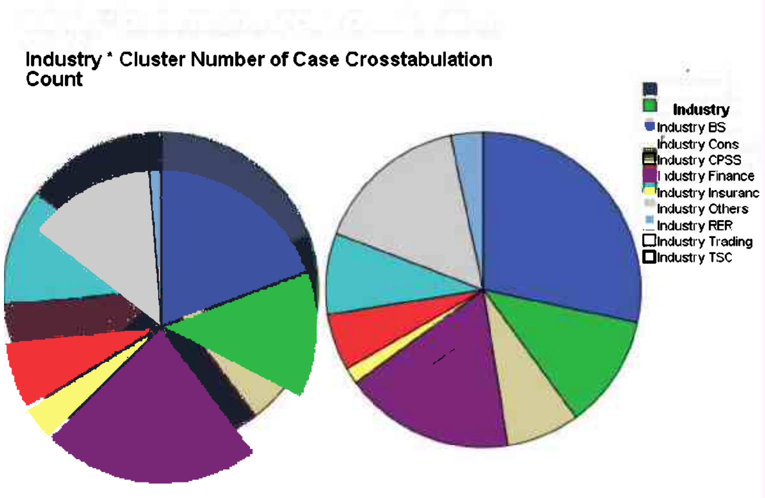

Figure 4. Pie charts depicting the representation of different industries in Indian service sector across the formed clusters.

5) **Industry Wise Curve Estimation Analysis**

Table 1. Table depicting the results of industry wise curve estimation analysis

	Movement from Cluster 1 towards Cluster 2						
Industry	**OCFY 1**	**OCF Y2**	**OCF Y3**	**OCF Y4**	**OCF Y5**	**Overall**	**Trend**
BS	5 to 5	5 to 5<6	5 to 6<7	5<6 to 8	6 to 8	Up (1D)	I I I I
Cons	4 to 4<5	5>4 to 5	5>4 to 6<7	5 to 7	5>4 to 7<8	Up	I I I I
CPSS	4>3 to 4<5	5>4 to 6	5 to 7<8	5 to 8<9	6>5 to 8	Up	I I I I
Finance	3 to 3<4	4>3 to 4<5	4>3 to 5<6	3>2 to 6	3>2 to 6<7	Up	I I I I
Insurance	-	5 to 4	4 to 5	4>3 to 6	3 to 7	Up (1-1D)	D I I I
Others	6>5 to 5<6	6>5 to	6>5 to 6	5 to 7	5 to 7<8	Up	I I I I

		5<6					
RER	4>3 to 5	5>4 to 5	4>3 to 5<6	3 to 6	2 to7	Up	I I I I
Trading	5 to 5	6>5 to 5<6	5 to 6	5 to 7	5>4 to 7<8	Up (1D)	D I I I
TSC	4 to 5	6 to 5<6	5 to 6<7	4 to 7<8	3 to 7<8	Up (1D)	D I I I

Interpretation: BS has observed a throughout increase. Construction has observed a throughout Increase. CPSS has observed a throughout Increase. Finance has observed a throughout decline. insurance has observed an initial decline, then throughout increase. Others have observed a Throughout Increase. RER has observed a throughout increase. Trading has observed an initial decline, Then throughout Increase. TSC has observed an initial decline, then throughout increase.

DISCUSSION / RECOMMENDATIONS

Business management scholars have been searching for a business case for CSR since the origins of the concept in the 1960s. The CSR of the 1960s and 1970s was motivated by social considerations, not economic ones. Codes of ethics are often not supported by training in ethical practices for employees, it is not clear whether confidential reporting lines are used effectively and, in many cases, no senior manager is clearly designated to handle ethics issues. In the last decade; in particular, empirical research has brought evidence of the measurable payoff of corporate social responsibility (CSR) initiatives to companies as well as their stakeholders. Ethical Codes in the Indian context have not been subjected too much scrutiny. A culture that is conservative in monetary terms attaches a very high value to created wealth, in turn, leading to business practices bringing change in lives of many and ensuring the process of wealth creation. Theory suggests that most of the well **established firms** have a well written ethical code of conduct and they strictly follow it. These firms are successively increasing their participation in the CSR activities. Whereas, **small start-up firms are usually observed stressing on revenue collection**. Further, Ethical Codes in the Indian Context have not been subjected too much scrutiny. A culture that is conservative in monetary terms attaches a very high value to created wealth, in turn, leading to business practices bringing change in lives of many and ensuring the process of wealth creation. Indian Service Sector, which is the youngest and also the fastest growing sector of economy & having the largest share in the structure & growth of the economy, in recent past many a times, especially in India, has been accused of its service failures and incompetence, arising out of irresponsible behavior / treatise of management or professionals at various levels. The Present study has attempted to cover the same research gap by using different data sources relevant to the study**.** Discussing the recent literature in Indian context, Mulla (2003) observes that "Efficacy of corporate initiatives in the ethical regard in Indian environment remains to be seen". He exclaims that "Employees' personal initiative and dynamic leadership for a sustainable moral ethical character will work for". Seshadri - Raghawan - Hedge (2007) expands that "Business ethics are also about creating an ethically sound working environment within organization and about modelling ethical behavior by leadership".

It makes good long term business sense to be ethical". Jalil - Azam - Rahman (2010) interprets that "Ethics and ethical behavior are issues which are increasingly being focused". As per the study, "Organizations are crossing red zone of ethics and ethical behaviors". They also acknowledge that "Organizations are constantly surveying and evaluating the unethical practice in business organizations worldwide". They recommend that "It is very essential to have a code of business ethics in every business organization and having the code implemented in the organization in objective and effective way". Mishra - Sharma (2010) interprets that "Effective CSR Policy within specific industries and companies is becoming increasingly accepted, but its implementation varies all across". Smart - Barman- Gunasekera (2010) is of view that "Corporate communications and reporting on sustainability need to do more than just pay lip service to the green agenda" and "Ethics must be embedded in business models, organizational strategy and decision making processes". As per them, "Governance structures should include people with appropriate skills to scrutinize performance and strategy across social, ethical and environmental issues". Labbai (2013) stresses that "Companies must adopt and disseminate a written Code of Ethics, build a company tradition of ethical behavior, and hold its people fully responsible for observing ethical and legal guidelines". He recommends that

"Companies that are able to innovate new solutions and values in a socially responsible way, are most likely to succeed". Husssaini (2014) had a Research on Top Indian IT Companies. She emphasized for a "strong need to formally address the ethical issues with all seriousness". She argues that "Ethical and Compliance Policies are not in place in Indian IT Firms and there is a strong need to improve up to reach up to global standards, if they wish to succeed in global market over a long term". She recommends that "a standard for measuring and reporting ethical behavior in business should be adopted to validate the claims of it being ethical". Mishra - Dalvi - Sahni - Verma (2014) stress that "Most of the well established firms have a well written ethical code of conduct and they strictly follow it". According to them, "These firms are successively increasing their participation in the CSR activities". In opposite they comment up on the small businesses that "Small startup firms stress on revenue collection. It is empirically proved that "ethical practices in business help to create favorable relationships with other organizations and establish long-term positive relationships with existing and potential future customers" and hence "Grow and Sustain in Long Run" (Kanda - Handa, 2018a, b).

As per the literature review, only a least or negligible research is found on the phenomenon with regard to Indian service sector firms in a rigorous manner. In respect of startup and emerging enterprises, hardly any study have been found taken place, in Indian services context especially. Further, law has not captured the segment till date to work on the betterment of standards in the said segments. Thereby this study prospects to assess the scenario of ethical business practices in the above enterprises and suggest community and legislative solutions required for the purpose, if any, and also to suggest that whether there is a need in amendment of law to make the corporate compliance and governance to be more compliant and confirmatory to the accepted lines of business code and ethics. **This research regarding the** existence and practicability of ethical conduct in the present competitive business environment **is prepared for the period starting from the date of project inception to the project conclusion. So this study presents an overview regarding the Indian business practices in service sector for this period and other allied facts and figures. Apart from that it also gives us a brief view of the global trend and the situation of the Indian economy in the present competitive scenario (Kanda, 2017).** Discussing about the results / findings of the study, Maximum Sample is from Business Services, followed by Finance, Trading and Community, Personal & Social Services etc. In Business Services (BS), most firms observed believing EBP. In Construction, more firms were observed believing EBP. In Community, Personal and Social Services (CPSS), more firms observed believing EBP. In Finance, more firms have been observed believing EBP. In Insurance, more Firms observed not believing EBP. In Others, more firms observed believing EBP. In Real Estate and Renting (RER), Equal No. of firms observed believing / not believing EBP. In trading, most firms observed believing EBP. In Transport, Storage and Communication (TSC), most Firms observed believing EBP. Based upon the study results, the sample firms have been apportioned among 2 clusters, namely, **'Low Ethics Less Growing Start-ups'** (Cluster 1) and **'Highly Ethical Fastly Growing Start-ups'** (Cluster 2)**. Low Ethics Less Growing Start-ups** are maximum in case of Finance Industry, that is a common observation in case of many small start up finance firms, followed by Business Services, Construction/Trading, Real Estate and Renting (RER), Community, Personal & Social Services (CPSS)/Others, Insurance, Transport, Storage and Communications (TSC) Industries. Whereas, **Highly Ethical Fastly Growing Start-ups** are maximum in case of Business Services (BS) Industry, followed by Finance, Trading, Construction, Real Estate and Renting, Community, Personal & Social Services (CPSS), Others, Transport, Storage and Communications (TSC), Insurance Industries. Hence, business services segment is leading in good practices firm and finance in least governed sector in the small business firms.

Discussing about Industry Wise Curve Estimation Analysis, BS, Construction and CPSS has observed a throughout increase, providing the evidence of satisfaction for small firm customers. Finance has observed a throughout decline, bearing low focus of good practices. Insurance has observed an initial decline, Then throughout increase. Other industries and RER has observed a throughout increase, signifying the business capability. Trading and TSC has observed an initial decline, Then throughout Increase, depicted a learned recovery in firms. **This study is a significant study, as it tends to give a clear picture of the collective scenarios of Indian Businesses in this context and make a useful contribution towards the phenomena (Kanda, 2017).** Dimensions and effectiveness of opted Ethical Business Practices were observed varying across Service Industry Differentiation, as supported by the existing research. Additionally, the resultant **Impact of Ethical Business Practices on the Competitiveness also varies across, subject to organization's strategic positioning and management** (Campbell - Malan, 2002; Mishra - Sharma, 2010; Tonello, 2011; Husssaini, 2014; Patel - Schaefer, 2014; Kanda - Handa, 2018a, b).

SUMMARY AND CONCLUSION

Ethical Codes in the Indian context have not been subjected too much scrutiny. A culture that is conservative in monetary terms attaches a very high value to created wealth, in turn, leading to business practices bringing change in lives of many and ensuring the process of wealth creation. Indian Service Sector, which is the youngest and also the fastest growing sector of economy & having the largest share in the structure & growth of the economy, in recent past many a times, especially in India, has been accused of its service failures and incompetence, arising out of irresponsible behavior / treatise of management or professionals at various levels. The present study has attempted to cover the same research gap by using different data sources relevant to the study**. This study is a significant study, as it tends to give a clear picture of the collective scenarios of Indian Businesses in this context and make a useful contribution towards the phenomena (Kanda, 2017).** Maximum Sample is from Business Services (24.6%), followed by Finance (19.7%), Trading (14.8%) and Community, Personal & Social Services (12.3%) etc. Cross Tabular Analysis of industries reveals that in Business Services (BS), most firms observed believing EBP. In Construction, more firms are observed believing EBP. In Community, Personal and Social Services (CPSS), more firms observed believing EBP. In Finance, More firms are observed believing EBP. In Insurance, More Firms observed not believing EBP. In Others, More Firms observed believing EBP. In Real Estate and Renting (RER), Equal Number of Firms observed believing / not believing EBP. In Trading, most firms observed believing EBP. In Transport, Storage and Communication (TSC), most Firms observed believing EBP. Based upon the study results, the sample firms have been apportioned among 2 clusters, namely, 'Low Ethics Less Growing Start-ups' and 'Highly Ethical Fastly Growing Start-ups'. Low Ethics Less Growing Start-ups are maximum in case of Finance Industry, that is a common observation in case of many small start up finance firms, followed by Business Services, Construction/Trading, Real Estate and Renting (RER), Community, Personal & Social Services (CPSS)/Others, Insurance, Transport, Storage and Communications (TSC) Industries. Whereas, Highly Ethical Fastly Growing Start-ups are maximum in case of Business Services (BS) Industry, followed by Finance, Trading, Construction, Real Estate and Renting, Community, Personal & Social Services (CPSS), Others, Transport, Storage and Communications (TSC), Insurance Industries. Dimensions and effectiveness of opted Ethical Business Practices were observed varying across Service Industry Differentiation, as supported by the existing research. Additionally, the resultant **Impact of Ethical Business Practices on the Competitiveness also varies across, subject to organization's strategic positioning and management** (Campbell - Malan, 2002; Mishra - Sharma, 2010; Tonello, 2011; Husssaini, 2014; Patel - Schaefer, 2014; Kanda - Handa, 2018a, b).

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IMPACT OF STOCK MARKET LIQUIDITY ON FIRMS' VALUE: A FOCUS ON BANKING AND NON-BANKING FINANCIAL INSTITUTIONS OF BANGLADESH

Mabia Khatun [1]
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ABSTRACT:

This paper examines the impact of stock market liquidity on firms' value by focusing on banking and non-banking financial institutions of Bangladesh. Investors often use stock market liquidity as an important indicator of firm's value. But different papers found controversial result of this statement in outside countries and it is still untouched in Bangladesh. So it has become a momentum issue to pursue the fact. This is basically a quantitative research done by creating a balanced panel data over the period of 2007-2016 from 27 banks and 11 NBFI of Bangladesh which are listed in DSE. In this study Tobin's Q has been used as dependent variable to represent firms' value while stock market liquidity is considered as independent variable. Firms size, age, capital structure and asset growth has been introduced as control variables. Fixed Effect model has appeared to be the best fitted estimator over Pooled (OLS) and Random Effect model and as there is presence of autocorrelation, heteroskedasticity and cross sectional dependence in the data, Panel Corrected Standard Error (PCSE) model is used to provide the best estimate of the variable. And the study finds that in case of banks liquidity, leverage, size and asset growth significantly affect firms' value where only size has negative impact. On the other hand, in case of NBFIs, liquidity has insignificant positive impact on its value and among the control variables size and age also have insignificant impact while the impact of leverage and asset growth is significant. The overall findings of the paper will help to take proper investment decision to the investors.

Keywords: Stock Market Liquidity, Firm Value, Tobin's Q, Firms' Size, DSE, Maturity

INTRODUCTION

In world economy stock market plays a very important role as it is considered as one of the most crucial microstructural building block of evolving financial sector liquidity. Recently the total market capitalization of the world stock market has become more than double in last 13 years. Total value has increased by almost 133% since 2003 (Iskyan, 2016) and peoples tendency to invest in stock market has become overwhelmed. But this path of gaining huge popularity of the stock market is not smooth because of different shock and volatility. Not

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only that, historically the stock market volatility has become roughly 20% in a year and 5.8% in a month (Ibbotson, 2011). In this situation investors often consider the stock market liquidity as the base for investing and observing company's performance as it has important percussion for listed companies (Wuyts, 2017). Moreover in this volatile economic condition it has become so difficult to determine the exact value of a firm and investors often become so confound that they invest in wrong securities and that's why investors and economist from all over the world are trying to determine a way that can make sense of these volatility, shock, liquidity consequences and firms' value puzzle. In such a condition stock market liquidity has become one of the most important focuses of the investors for determining the firms' value. Marketability or liquidity of a stock plays a central role in firms' valuation because it is the life force of security market from the stand point of investors, traders and other parties (Ali, 2014). The higher the liquidity or return the higher the investors' interest to invest in that stock. Akter and Mahmud (2014) also pointed out that the two very crucial issues in organization management are liquidity and profitability. Liquidity refers to the ease by which an asset can be converted into cash without losing its value or incurring any transaction cost (Dalgaard, 2009). On the other hand, share market liquidity refers to the ease by which shares can be traded at close to current market price where the word ease is substituted by speed and price (European Systematic Risk Board [ESRB], 2016). It is an important indicator of stock market development because it signifies how the market helps in improving the allocation of capital and thus enhancing the prospects of long term economic growth (Khaliq, 2013). Though Bangladesh is an emerging economy, its stock markets are not that much efficient and stable in comparison to that of developed countries. According to World Bank (2017) statistics, stock market total value traded to GDP for Bangladesh is 1.86% in 2000, 0.17% in 2004, 3.02% in 2010 and 0.38 % in 2014 which indicates the unrestful behavior of the market. In this unrestful situation determining these markets' listed firms liquidity and value is also a challenging thing. On the other hand, lots of researches regarding stock liquidity and firms' value found controversial result. Some found positive, some negative or some found insignificant relationship, such that Fang, Neo and Tice (2009) has found that increase in liquidity decimalization has a positive effect on firms' performance as it make available more information to the investors. Sidhu (2016) has found positive relationship between Amivest liquidity and Tobin's Q. Zhang, Huang and Chen (2017) and

Ali (2014) also found the same result where Zhang et al. (2017) addressed an exogenous shock to see the liquidity impact. Moreover there is also a strong relationship among firm's value, stock liquidity and firm size which are explored by Ban (1981) and Amihud and Mendleson (1986). That means not only the risk matters in the market, but also other factors like liquidity, corporate profitability, social responsibility, company size, corporate governance also affect the overall performance (Moeljadi, 2014); (Jonathan, 2003). Purwohandoko (2017) and Putu, Moeljadi and Djazuli (2014) found that there is a positive relationship between firms' size and firms' value. On the other hand according to Setiadharma and Machali (2017) and Mule, Mukras and Nzioka (2015) firms' size is not significant variable to explain firms' value as the size is related with asset and all the time the asset may not be the quality asset which contributes to increase the firms' value.

From the above discussion it is clear that liquidity and firms' value is a big fact and it is still not introduced in perspective of Bangladesh and as the culture, value, way of behavior, monetary and fiscal policy, political condition are different in Bangladesh, other papers findings may not be applicable in perspective of Bangladesh. Not only that, none of the paper focused both on bank and NBFIs. So the researchers tried to focus on Sidhu (2016) and tried to observe liquidity impact on firms' value in perspective of Bangladesh by introducing Banking and Non-Banking Financial Institutions (NBFI) and making a comparison of these firms analysis result in order to fulfill the gap. In DSE almost 16.81 % share are dominated by banking and non-banking financial institutions where this dominance makes the financial institutions more vulnerable in one hand and also highlights the crucial importance of the sector in resource allocation and mobilization of the economy on another hand (Khatun, 2017).

LITERATURE REVIEW

1. Liquidity:

In Finance the term liquidity is the top concerning issues and simply liquidity is the alacrity and promptness through which an asset can be converted into cash without losing its value (Fagboyo, Adeniran and Adedeji, 2018). Liquidity is very important in business and for shareholders as well as for markets. Figuratively speaking, by discovering optimal price of securities, liquidity act as lubricant to the market that function as like as the oil which helps the machine running smoothly (Syamala, Wadhwa and Goyal, 2017).

2. Firms' Value:

The most crucial aspect of determining firms financial health is firms' value as it indicates that the more the value the better the financial position of the firm and also better prospects for investors (Rajhans and Kaur, 2013). In many literatures market value is used as a proxy for firms' value which is calculated by multiplying the current market price with number of share outstanding (Rajhans and Kaur, 2013).Some also used Tobin's Q as a proxy for firms value like Eaton (2015), Zhang et al. (2017), Ali et al. (2016) etc.

3. Liquidity and Firms' Value Relationship:

Liquidity actually matters to determine an organizations value because it is the liquidity that determines whether the rational traders/ investors would discount the trade or not. Not only that more liquidity decreases the trading cost as well and thus increases the overall value (Amihud and Mendleson, 1986). Increased liquidity decreases capital cost (Easley and O'hara, 2005) and holding private information also reduce capital cost both of which has an impact on firms value. Appropriate level of liquidity can reduce firms risk and increase the value of firms (Holmstrom and Triol, 2000). By providing feedback liquidity improves the performance of an organization where this liquidity stimulates investors by making them more informative and thereby increases the firms' value (Fang, Noe and Tice, 2009).

Fang et al. (2009) tried to show the causal relationship of stock market liquidity and firms' performance by exploring an exogenous shock and observed the volatility in firms' performance measured by market to book value ratio where it was found that increase in liquidity decimalization has a positive effect on firms' performance as it make available more information to the investors. On the other hand momentum trading, analyst coverage, investor overreaction and the effect on discount rate do not have any effect on firms' value. Moreover stock liquidity has the direct time series relationship with the return and it improves operating performance of the company.

Sidhu (2016) examined the relationship of stock market liquidity on the firms' value on Indian manufacturing firm and random effects panel regression has been run to analyze the relationship where it found positive relationship between Amivest liquidity and Tobin's Q. The researcher also found positive relationship between size, age and firms' value. The article by Zhang et al. (2017) has used the non-tradable share reform in China as a quasi-natural experiment to test the effect of stock liquidity on firms' value by addressing an exogenous positive liquidity shock and found positive relationship. Ali, Mahmud and Lima (2016) has explored the effect of the stocks liquidity on the firm value in Iraq by considering 65 companies listed in Iraqi Stock Exchange and has found that firms' with liquid stocks have better firm value as measured by Tobin's Q as a function of firms' value. This result also hold even when introduced firm fixed effect, control for idiosyncratic risk and control for endogenous risk.

Banz (1981), in his paper has tried to examine the relation between stock return and market value of common stock where it has been found that the size effect is not linear with the market value. Where Amihud and Mendleson (1986) found strong relationship among firms' value, stock liquidity and firm size that means not only the risk matters in the market, but also other factors like liquidity, corporate profitability, social responsibility, company size, corporate governance, innovation ability can also affect the overall performance (Moeljadi, 2014); (Jonathan, 2003).

Kausar, Nazir and Butt (2014) has focused on determining which capital structure has greater firms' value by introducing multiple regression and panel regression focusing on 197 companies from Pakistan where they found a negative relationship among the capital structure represented by total liability divided by total equity and firms' value. On the other hand, Ali (2014) and Sumiati and Manihuruk (2016) have found insignificant relationship between these two variables. Antwi, Mills and Zhao (2012) seeks to provide evidence regarding the impact of capital structure on firms value by focusing on 34 companies listed in Ghana Stock Exchange and analyzing through ordinary least square method of regression. The study has found that long term debt and capital structure relevant to firms' value where it has been suggested to employ more long term debt than equity capital.

Nguyen, Duong and Singh (2016) examine the stock market liquidity, measured by Tobin's Q where this is represented by three components namely operating income to price, leverage, operating income to assets and firms' value by addressing broker anonymity as an exogenous shock where they found that increase in liquidity around the shock leads to increase in firms' value. On the other hand Arian, Galdipur and Kiamehr (2014) tried to focus on determining the impact of the gap between supply and demand index prices and turnover volume on Tobin's Q in Tehran stock exchange through Pearson correlation and multiple regression analysis where they found that there is no statistically significant relationship between liquidity and firms' value. On the other hand, turnover volume and firms value has direct and significant relationship. Some research papers have been done on stock liquidity and firms' performance in Bangladesh. Among them Uddin and Moniruzzaman (2017) examined liquidity and profitability relationship by using CCC, LR, CR, TCR, ROA, ICP and ROE variables by introducing Pearson correlation where they found that there is no statistically significant relationship between liquidity and profitability in the textile sector in Bangladesh.

From the above discussion it is clear that, though lots of research works have been done regarding stock liquidity and firms' value, very few of the papers of Bangladesh address the issue. Not only that most of the research are either based on different sectors like manufacturing or textile sector or considered the whole stock market firms where there are very few papers that has worked based on Banking sector but none of them considered both bank and NBFI. In Bangladesh most of the work addressed stock liquidity and firms' performance issue but none considered the value term. So, the researchers here find a gap to analyze weather there is really any effect of liquidity on these institutions firms' value.

RESEARCH OBJECTIVES

The primary objective of this paper is to observe the stock market liquidity and its impact on firms' value. To attain these objectives the researchers have introduced some other specific objective:

1. To determine the stock liquidity of the sample companies.
2. To examine the effect of stock liquidity on firms' (Banks and NBFIs) value.
3. To show a comparative picture of both Bank and NBFI of Bangladesh in terms of liquidity impact on firms' value.

METHODOLOGY

Research Problem:

There are lots of studies that have focused on stock market liquidity and its impact on firms' value all over the world where most of the papers have found controversial result and some also have introduced an exogenous shock to determine the liquidity effect on firms' value. Not only that though financial sectors cover a big part of a country's economy the papers that have focused on both banking and non-banking financial institutions are very low in number. There is also big question marks regarding whether result that are provided by different countries are acceptable in Bangladesh or not.

Nature of the Study:

This is an exploratory research in terms of applied purposes, conducted based on secondary data. The research is basically a quantitative research as the research objectives and outcomes require quantitative analysis for the assessment, analysis and getting the optimum and expected result. Here the research is about to determine the liquidity of the stock market and to address its impact on the value of the firm by focusing on the banking and non-banking financial institutions of Bangladesh and also to observe the impact of some control variables on firms' value.

Sampling Technique

To fulfill the research objectives, the target population is defined as the entire group of companies in which the researchers are interested that means all the banks and non-banking financial institutions of the country that are listed in DSE. There are 30 banks and 23 non-banking financial institutions listed in DSE. Among them 27 banks and 11 financial institutions data are available from 2007 to 2016. So the sample size is 270 annual reports for banks, 110 annual reports for NBFIs and the stock market data for the year of 2007-2016, where a balanced panel data has been created for the considered time. Sample is determined by following non probability way and this sample size is supported by Sidhu (2016) where the researcher used 147 financial reports and the stock market data was for 2009 to 2012. Here, the researchers haven't considered the other banks and non-banking financial institution, which are also listed in DSE, because of data unavailability and company's listing after 2007. Only DSE has been considered because most of the companies that are listed under CSE also listed in DSE and DSE is the biggest and worldly known stock market of Bangladesh. On the other hand, other sectors are excluded because in terms of economic effect and growth prospect, banking and non-banking institutions has the enormous effect on the overall economy and these firms stock performance are more volatile with the macroeconomic changes. Not only that the investors are prone to invest more in these firms, though there is no proper regulation and the rate of volatility and default is more. Moreover there is no supporting organization for the investors so that they can get the proper information about the stock performance and the firms' true value as well people sometimes become so confused about the stock liquidity and value effect of these two sectors rather than others. So the researchers have shown up a picture of liquidity and firms' value of the sample companies in these two types of financial institutions.

Types of data used and sources of data:

The researchers have picked the firm level quantitative data of the companies from 270 annual reports of the banks and 110 annual reports of non-banking financial institutions. All these annual reports have been collected from Lankabangla financial portal and the companies' respective websites. Here as all companies are listed and transacted in DSE and as all these companies are regulated under the same regulation, conducted by the similar mannered management and all are from similar culture, background and country, so the sample will represent the whole population. On the other hand, for the calculation of liquidity the cross sectional daily shares traded and absolute return of the selected sectors companies are used. All these data are collected from DSE, CSV Data for AmiBroker.

Data analysis technique and Variable Construction:

To visualize the overall picture, the researchers have used some statistical test like descriptive statistics, fixed effect regression which require quantitative rather than qualitative data and these tests are used because most of the research paper (Sidhu, 2016) and (Ali, 2016) that the researchers have followed regarding the subject matter have run these tests. Not only that, to address the liquidity impact on firms' value, all these tests are also required to do.

Lots of researches found positive relationship between stock liquidity and firms' value but it is very difficult to precisely measure firm value and liquidity and also measure and determine its variables.

Tobin's Q (Dependent Variables)

Tobin's Q is commonly used to proxy for firms' value as used by Eaton (2015), Ali (2014), Zhang et al. (2017) etc. However, valuation is subject to measurement error. Here Tobin's Q has been calculated according to Ali et al. (2016). To determine the Tobin's Q, this paper is followed because they have calculated the variable based on banking sector of Bangladesh and as the researchers also focusing on the financial institutions of Bangladesh as well.

$$Tobin's\ Q = \frac{Market\ Value\ of\ Total\ Equity}{Book\ Value\ of\ Total\ Equity}$$

Liquidity (Independent Variable)

There is no universally accepted measure for stock market liquidity. Different researchers used different terms like high frequency data by Amihud (2002) and Cooper, Groth and Avera (1985), Bid ask spread by Chung, Elder & Kim (2010) trading volume and turnover by Krishnan & Mishra (2013). But the researchers have used Amivest measure of liquidity as this is a worldly recognized way of measuring liquidity and the paper Sidhu (2016) also used the same measure. After calculating the liquidity in million (Tk), it is converted into natural log form.

$$\text{Liquidity} = Ln\left[\frac{\sum(\text{Daily Closing price} * \text{Daily Volume})\ \text{for year i}}{\sum \text{Daily Absolute \% Change in closing price for year i}}\right]$$

Control Variables:

There are some other variables that also may affect firms' liquidity are supposed to be included here as this is also a fundamental issue.

a) Size: Natural logarithm of firms' size (represented by total asset) has been taken to control for the size of sample companies. Size is used as a control variable because it is thought that, larger firm has better performance and stability than small firm. On the other hand, it also said that larger size may always not better as because of low quality asset. So to see which concept is applicable to Bangladesh this variable is used. Setiadharma and Machali (2017), Ali (2014) and Sidhu (2016) also have used this as a control variable. The measure of Size is Ln (Total Asset).

b) ***Age:*** Age is also very important control variable as because of the maturity of the companies, its liquidity may be affected and sometimes some matured company may have more liquidity or sometime the opposite may happen. Age is calculated as the natural logarithm of the total year from its inception. Setiadharma and Machali (2017), Ali (2014) and Sidhu (2016) used this variable.

Age = Ln (Total year of inception)

c) ***Leverage/Capital structure (TD_TE):*** The total value and liquidity both are affected by leverage. Optimal leverage brings higher firms' value. It is calculated as total debt divided by total equity (Setiadharma & Machali, 2017).

$$\text{Leverage/Capital Structure} = \frac{Total\ Debt\ in\ year\ t}{Total\ Equity\ in\ year\ t}$$

d) ***Asset Growth (AG):*** Asset growth is also important because it also may affect firms' value. Sometimes it is seen that asset is increasing but the value is decreasing because there is less quality asset.

$$\text{Asset Growth} = \frac{Total\ Asset\ in\ year\ t}{Total\ asset\ in\ year\ (t-1)}$$

The objective of the paper is to determine the impact of liquidity on firms' value and to determine that, following econometrics model has been used:

Fixed Effect Model

The fixed effect model allows for heterogeneity or individuality among the entity by allowing the entity to have its own intercept. The fixed effect means that although the intercept may differ among the banks/NBFIs, but the intercept doesn't vary over time. That means it is time invariant. Here, the relationship between independent and dependent variables is explored by this model within the entity (here, bank/NBFI). The functional model of Fixed Effect Model is:

$$Qtobin_{it} = (a + \mu_i) + a_1 Liquidity_{it} + a_2 Size_{it} + a_3 Age_{it} + a_4 Assetgrowth_{it} + a_5 Leverage_{it} + v_{it}$$

Where, i = 1, 2, 3, 4...........

Here, μ_i represents fixed or random effect specific to bank and NBFI or time period that is excluded from the regression. It is allowed to be correlated with other regressors as an individual specific effect which is time invariant and treated as a part of the intercept. v_{it} denotes independent and identically distributed error.

Diagnostic Test

Diagnostic tests used in this study are described below:

Serial Correlation Test

Serial Correlation is the tendency to carry forward the error associated with a given time period to the future. If there is serial correlation in the model, it does not affect the unbiasedness or consistency; rather it does affect the model's efficiency. With positive serial correlation the model estimates smaller standard error than the true one which increases the tendency to reject null hypothesis when it should not be rejected. To identify serial correlation in idiosyncratic error term in a panel-data model, Wooldridge (2002) comes up with a simple test that is known as Wooldridge test. The hypothesis of the test is:

H_0: There is no first order autocorrelation in data

H_1: There is first order Correlation in data

The functional form of the test is,

$$Y_{it} - Y_{it-1} = (X_{it} - X_{it-1})\beta_1 + \varepsilon_{it} - \varepsilon_{it-1}$$

Where, *Y, X* and ε represent dependent variable, independent variable and idiosyncratic error term respectively.

Test for Heteroskedasticity

Group wise heteroskedasticity exists when the error process is homoscedastic within cross sectional units, but its variance differs across units. A test named Modified Wald test is used to identify group wise heteroskedasticity in fixed effect model. The hypothesis for Modified Wald test is shown below.

H_0: Data shows homoscedasticity

H_1: Data shows heteroskedasticity

The Functional model is: $$w' = \sum_{i=1}^{n} \frac{(\hat{\sigma}_i^2 - \hat{\sigma}^2)}{f_{ii}}$$

Where $\hat{\sigma}^2$ is the disturbance variance estimator of the regression and f_{ii} estimate Var $[\sigma^2]$. The resulting test statistics is distributed by Chi-square.

Cross Sectional Dependence Test

Cross-sectional dependence occurs in a panel data model when the residuals are correlated across cross-sections. Cross sectional dependence may arise due to spill over problem or due to unobserved common factors. And if there is cross correlation it may lead to size distortion and inappropriate result as well. Pesaran CD test is done to identify cross correlation. The hypothesis for the model is,

H_0: There is no cross sectional dependence in the residuals

H_1: There is cross sectional dependence in the residuals

$$CD = \sqrt{\frac{2T}{N(N-1)}}\left(\sum_{i=1}^{N-1} \sum_{j=i+1}^{N} \hat{\rho}_{ij}\right)$$

Here N, T and $\hat{\rho}_{ij}$ represents number of cross sections, number of time periods and sample estimate of the pairwise correlation of the residuals respectively.

Test for Identifying Fitted Model

a) Hausman Test

Hausman (1978) suggests a test that can be applied to the hypothesis testing problems with two different estimators. This test is called Hausman test. To select between fixed effect and random effect model Hausman test can be applied. The hypothesis for this model is:

H_0: Individual effects are uncorrelated with any regressor in the model (Random effect)

H_1: Individual effects are correlated with any of the regressor in the model (Fixed effect)

According to Greene (2012), the Hausman statistic is distributed as Chi-square and is computed for comparing fixed effect and random effect model as:

$$H = \left(b_{FE} - \hat{\beta}_{RE}\right)'(V_{FE} - V_{RE})^{-1}\left(b_{FE} - \hat{\beta}_{RE}\right)$$

Where, b_{FE} and $\hat{\beta}_{RE}$ are the coefficient vector from the fixed effect model and random effect model respectively. On the other hand V_{FE} and V_{RE} is the covariance matrix of the fixed effect model and random effect model respectively.

b) LM test

To select the best model between simple OLS and random effect model Breusch-Pagan Lagrange Multiplier (LM) is used. Breusch and Pagan (1980) propose this LM test for the random effects model on the basis of OLS residual term. The Hypothesis for this test is:

H_0: Variance across entities is Zero

H_1: Variance across entities is not Zero

$$LM = \frac{nT}{2T-1}\left[\frac{\sum_{i=1}^{n}[\sum_{t=1}^{T} e_{it}]^2}{\sum_{i=1}^{n}\sum_{t=1}^{T} {e_{it}}^2} - 1\right]^2$$

Where, n and T represents number of cross-sections and time periods respectively. e_{it} is the residual term.

Methods to deal with cross-correlation, serial correlation and heteroskedasticity in the model

When cross-sectional dependence exists in a panel data model, basic Fixed Effect–GLS provides biased estimate. Fixed Effect-Feasible

Generalized Least Squares (FGLS) can provide unbiased estimate for the variables by handling the cross sectional dependence problem. This model can also correct the heteroskedasticity and autocorrelation problem (Greene, 2012). Kmenta (1997) suggests an alternative of FGLS model which is known as Panel Corrected Standard Error (PCSE) model which can also be used to fit the panel data model when model faces problem like cross-sectional dependence and the number of cross section is less than time (n). Statistical software STATA 13 and E-views 8.1 are used by the researcher to run all the models and tests.

Limitations of the Study:

Because of unavailability of data, only 11 non-banking financial institutions among 23 are considered. So in future when the data of all the NBFIs would be available and if different time frame is used then the result may be different. However as the research has totally focused on financial sectors it may not be the applicable in other sectors because the structure of each sectors differ from each other. Not only that the method of calculating liquidity and firms value may be different according to the researcher choice as there are various established methods for calculating firms value and liquidity.

ANALYSIS AND FINDINGS

Descriptive Statistics:

The summary statistics of both types of institutions are presented in table 1. Skewness and standard deviation explains the volatility and normality of the distribution respectively. Lower rate of volatility in the distribution indicates investors will not lose if they invest in higher liquid, aged and higher asset growth firms. Generally value for zero Skewness represents that the observed distribution is normally distributed.

Table 1: Descriptive Statistics

Bank					
	Mean	Maximum	Minimum	Std. Dev.	Skewness
TOBIN'S Q	1.616848	7.703509	-12.8179	1.728702	-1.39635
LIQUIDITY	6.889556	10.12426	3.853833	1.116129	-0.04982
SIZE	11.62965	14.24559	9.413911	0.774673	-0.28144
AG	1.27112	12.14197	0.117156	0.953468	10.97128
AGE	2.937526	4.043051	1.94591	0.456258	0.307979
TD_TE	11.07202	113.6851	-16.7282	7.940885	7.581487

NBFI					
TOBIN'S Q	2.780485	10.67247	0.072563	2.427460	1.443386
LIQUIDITY	6.205593	10.28408	2.258585	1.513021	-0.281935
SIZE	9.568095	23.25758	7.29229	2.046811	9.025410
AG	1.336552	10.56402	0.111550	0.929139	10.97128
AGE	2.698747	3.465736	1.791759	0.353163	-0.32247
TD_TE	6.005383	24.60502	1.246858	3.302299	2.051371

In the panel data summary of Bank, there is much difference between the highest and lowest value of each variable (Tobin's Q, liquidity, age asset and asset growth). Moreover the variability which is measured by both standard deviations and difference between highest and lowest are also much different from variable to variable. Among all the variables liquidity and leverage (TD_TE) have the highest variation. That means some company has higher liquidity and some has lower. The mean value of Tobin's Q, stock liquidity and firm's size is 1.6, 6.88 and 11.62 respectively. On the other hand, the Ln mean value of age of each bank is almost 3 years. The skewness of age is close to 0 that means this variable is normally distributed whereas Tobin's Q, liquidity and size have negative skewness and TD_TE, growth of asset showing low degree of asymmetry as the skewness is high. In case of NBFI the result shows that Tobin's Q varied significantly with maximum 10.67 and minimum 0.07 with a mean value of 2.7. The skewness is positive here. The huge difference between the minimum and maximum of the size and liquidity indicating that there are NBFIs which have higher as well as lower liquidity and firm's size. The average age of the NBFI is 2.69 or almost 3 years. Liquidity and Age have negative skewness and Size and Asset growth have higher degree of asymmetry.

Test Result for Serial Autocorrelation, Heteroskedasticity and Cross Sectional Dependence

The nature of the research requires testing the presence of autocorrelation, cross sectional dependence and heteroskedasticity test in the data. Wooldridge Wald test, Pesaran CD test and Modified Wald test have been run on panel data to detect autocorrelation, cross-sectional dependence and heteroskedasticity in the panel data.

Table 2: Summary Result of Autocorrelation, Heteroskedasticity and Cross Sectional Dependence

Test Groups			
	Wooldridge Test	Modified Wald Test	Pesaran CD Test
Null Hypo	No first order auto correlation	Homoscedasticity in the data	No cross sectional dependence
Test Stat	F(prob>F)	Chi-Square	Pesaran CD test
Bank			
Result	41.85***	4573.11***	8.450***
P-Value	0	0	0
NBFI			
Result	13.371***	160.13***	0.05
P-Value	0.004	0	1.04

***, **, * indicates level of significance at 1%, 5% and 10% respectively.

In the test result of Pesaran CD the p- value is far less than 5% for banking institutions. So the null hypothesis is rejected that means there is cross sectional dependence in the data of banking institution. On the other hand, in case of NBFI p-value is greater than 5%. So H_0 is acceptep here. In the Wooldridge test result, null hypothesis of having no serial correlation is rejected as the probability is less 5% for both the sectors. So there is serial correlation in the data of banks and NBFI. In the heteroskedasticity test result the probability value is 0.000 for both sectors which is lower than 5%. So the result is significant and shows that there is heteroskedasticity in the data of Banks and NBFIs by rejecting the null hypothesis of having no heteroskedasticity.

Selection of the Best Model:

The accuracy of the panel data depends on the selection of the model that provides best estimate. As there is first order auto correlation and heteroskedasticity in the data set, general pooled regression model will provide biased and incorrect result. For this reason fixed and random effect model are estimated and to select which test model is appropriate for the analysis the researchers have run the diagnostic test.

In table 3, both Bank and NBFI result shows that the probability (p-value) is less than 5%. This suggests that null hypothesis of having random effect cannot be accepted. So fixed effect regression model is appropriate.

Table 3: Summary of Hausman Test and Breusch-Pagan Lagrange Multiplier (LM) Test

	Tests Group	
	Hausman Test	Breusch-Pagan (LM) test
Null Hypothes is	Individual effects are uncorrelated with any regressor	Variances across entities is zero (Simple OLS)
Bank		
Result P-Value	43.11*** (0.000)	46.12*** 0.0000
NBFI		
Result	15.35***	14.38***
P-Value	0.009	0.0001

***, **, * indicates level of significance at 1%, 5% and 10% respectively

Now to see whether fixed effect model actually provides better estimate than the pooled model, Breusch-Pagan Lagrange Multiplier (LM) Test has been run. The result provides the strong evidence of the rejection of the null hypothesis of zero variance across entities which are indicating that the fixed effect model is the best estimate.

Now as there is cross sectional dependence in the data set, PCSE (Panel Corrected Standard Error) will provide the best estimate. At the same time it will handle the autocorrelation and heteroskedasticity.

Table 4: Result of the Estimated Model

	Bank		NBFI	
Variables	Fixed Effect Model	PCSE Model	Fixed Effect Model	PCSE Model
LIQUIDITY	0.46264*** (0.000)	0.62785*** (0.000)	0.4200763*** (-0.005)	0.1737 (-0.281)
SIZE	-1.8140*** (0.000)	-0.77295*** (-0.005)	0.0002433 (-0.998)	-0.0446 (-0.62)
AG	0.32332*** (-0.006)	0.11393 (-0.229)	-0.1293645 (-0.522)	-0.1307 (-0.125)
AGE	1.46269 (-0.18)	-0.0653288 (-0.837)	-5.871599*** (0.000)	-2.5608** (-0.026)

TD_TE	0.04391*** (0.000)	0.029809** (-0.042)	0.2572436*** (-0.001)	0.2042* (-0.059)
Constant	14.33208*** (0.000)	6.058692** (-0.04)	14.64535*** (0.000)	7.8500*** (-0.006)
Diagnostic Statistic of the Estimated Models				
R-Square	0.338	0.2626	0.3826	0.1601
F/Wald Test	24.31	29.71	11.65	10.69
ChiProb>chi2	0	0	0	0.0578

Note: Results are obtained using STATA 13; P-values are in parenthesis.
Where ***, **, * indicates level of significance at 1%, 5% and 10% respectively

From table 4, it is found in PCSE model R-square of both bank and NBFI is 0.26 and 0.16 respectively which is close to sidhu (2016). As well as the probability value is less than 5% in case of bank and less than 10% in case of NBFI which are suggesting that the model has got satisfactory explanatory power.

In the estimated result of the PCSE test, it shows that the liquidity and capital structure variables have significant positive relationship with the firm value where the p-value 0.00 < 0.01 and 5% respectively. The value of the coefficient is 0.6278 for liquidity and .29 for capital structure. This means for one unit increase in the liquidity and and 1 unit increase of leverage to the optimal level, the total value of the firm will increase by 0.6278 and 0.29 unit assuming all other variables remaining unchanged. This relationship of liquidity and banks value is supported by the result of Fang et al. (2009), Sidhu (2016), Ali (2014) where the argument is that higher liquidity in the stock market leads to higher firm's value. On the other hand, the relationship of banks value and leverage is supported by Chowdhury and Chowdhury (2010), Agarwal and Padhan (2017), Fang et al. (2009). This suggests that if firm's capital structure becomes optimal then it may increase firm's value. In case of NBFI Liquidity and firms value has insignificant positive relationship as p-value is greater than 5% and capital structure has significant relationship at 10% level.

On the other hand, in case bank, among the control variables, size and age has negative relationship and asset growth (AG) has positive relationship with firm's value where only the size is statistically significant. On the other hand in case of NBFI size, asset growth (AG) and age have negative relationship with firm's value where only the age is statistically significant and the insignificant relationship of size and Tobin's Q is supported by Mule et al. (2015), Setiadharma and Machali (2017). Here the logic behind the negative statistical relation is that, bad debt has been increasing in the financial sector. So, though the total size of the firms is increasing, because of the lack of quality asset, the total value of the company is not increasing. On the other hand the direction of relationship between age, asset growth and Tobin's Q is supported by Loderer and Waelchli (2010). This result is also consistent with Pervan, M., Pervan, I. and Curak (2017) where the logic is that, as firms gets older, benefits of their accumulated knowledge in all crucial aspects of the business become overcome with their inertia and inflexibility by accumulated rules, routines and organizational structure. In case of Bangladesh as the firms become aged its performance decreases.

Comparative analysis of Bank and NBFIs:

Table 5 shows the comparative picture of Banks and NBFIs. In case of banks 3 variables have statistically significant relationship with firms value. And in case of NBFIs 2 variables are statistically significant. Liquidity and leverage have positive relationship for both the sectors where both variables are significant for banks as well.On the other hand, liquidity is not significant for NBFIs.

Table 5: Comparative analysis of Bank and NBFIs

Variables	Bank	NBFI
LIQUIDITY	0.62785*** (0.000)	0.1737 (0.281)
SIZE	-0.77295*** (0.005)	-0.0446 (0.62)
AG	0.11393 (0.229)	-0.1307 (0.125)
AGE	-0.0653288 (0.837)	-2.5608** (0.026)
TD_TE	.029809** (0.042)	0.2042* (0.059)

P values are in parenthesis.
***, **, * indicates level of significance at 1%, 5% and 10% respectively

Age is negatively related with both banks and NBFI but significant only for NBFI. On the other hand as much as the NBFIs become aged its value decreases as the coefficient showing negative relationship. That means NBFIs of Bangladesh is not that much efficient as like as Banks and it is less adaptable to the major issues with time than banks. Asset growth has positive impact on banks value.

As much as the banks asset grows its value increases. On the other hand, asset growth of NBFIs has negative relationship with its value which is indicating that the amount of bad debt and lack of quality asset is greater in NBFIs of Bangladesh. Moreover, for both sectors, size has negative relationship with firms' value.

CONCLUSION

The determination of firm's value has become one of the most crucial challenges to investors as the market condition is very volatile. In such a situation stock market liquidity has become one of the most important focuses of the investors to determine the firms' value. In this backdrop the present study attempted to identify the impact of liquidity on firms' value based on 27 banks and 11 NBFIs of Bangladesh over the period of 2007-2016. After running some diagnostic test, PCSE is proven the best estimator model in this study. It has been found that liquidity, leverage and asset growth significantly affect banks value where only size has negative impact. In case of NBFIs, liquidity has insignificant impact on its value. Among the control variables size and age has insignificant relationship with NBFIs.

The estimated result suggests that along with liquidity, Banks and Non-Banking Financial Institutions value are also affected by firm specific issues in Bangladesh. So management and regulatory body of the banks must consider the internal issues before considering any policy. Investors of the stock market will be benefitted from the findings of this paper as the study considered most of the banks and NBFIs listed in the DSE. The finding is showing significant relationship between firm's value and liquidity. So the investors should consider the liquidity issues of the company before investment. Not only that they also should consider firm specific issues like age, size, asset quality, leverage to determine the firm's value.

This study can be extended further by considering dynamic panel data for advance level of test in order to determine the liquidity impact on firm's value. Not only that, more firm level variable can also be considered for this study. Moreover there is future research scope where it can be considered, why liquidity is insignificantly related to Firms' (NBFIs) value.

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EXAMINING THE FACTORS AFFECTING PASSENGERS' SATISFACTION WITH UBER CAR SERVICES: EVIDENCES FROM DHAKA CITY

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ABSTRACT

The purpose of this study was to identify the factors affecting passengers' satisfaction with Uber car services in Dhaka city and to determine the relative importance of those identified factors in influencing the satisfaction level of the passengers. The researchers used a cross sectional descriptive research design in which survey questionnaire was used to collect quantitative data from a sample of 300 male and female passengers who used Uber car services at least once. Firstly, through factor analysis, multiple items used in this study were reduced into five factors such as accessibility, drivers' performance, comfort, safety, and affordability. Subsequent regression analysis revealed that all the identified factors significantly and positively contributed to passengers' satisfaction with Uber and drivers' performance turned out to be the most crucial determinant amongst all the five factors. However, the authors believe that results and recommendations presented in this study will encourage Uber to improve its performance with respect to the identified factors, persuade it to handle passengers' complaints more efficiently and ultimately will help Uber to achieve competitive edge over the other options of transportation available in Bangladesh.

Keywords: Passengers' Satisfaction, Uber, Ride Sharing Service, Drivers' Performance.

INTRODUCTION

The significance of achieving passengers' satisfaction for success in today's competitive transportation industry is a recognized fact in both theory and practice. Today, the development of information and technology has fueled the growth of app-based ride-sharing services causing significant changes in the options of transportation. With the globalization of world's economy, Uber, the first and the largest ride sharing service in the world, has turned into one of the most popular and satisfactory choices of transportation among the commuters in Bangladesh (bdnews24, 2017; The Daily Star, 2017). Keeping this in view, this study aims at looking into various factors that generate

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passengers' satisfaction with Uber car services in the context of Dhaka city. This article was also conducted with a view to determining the relative importance of those identified factors in influencing the satisfaction of the commuters.

The authors planned to review several literatures to figure out the most important factors that can be used as antecedents of commuters' satisfaction toward Uber. It was decided that samples will be chosen from those passengers of Dhaka city who have used Uber car services at least once. The respondents were asked to evaluate Uber car services on such dimensions as accessibility, driver's performance, comfort, safety and affordability. All these dimensions were adapted from previous studies (Wan et al., 2016; Razia and Momtaz , 2012; Balachandran and Hamzah, 2017; McKnight et al., 1986) after making necessary adjustments.

However, researchers believe that this research problem needs to be given utmost care because describing and understanding how and why passengers choose Uber over other options of transportation are going to be the most important issues in the emerging competitive marketing scenario. With the proliferation of many traditional transport services available on the streets of Dhaka in the form of local buses, local taxi cabs, CNG auto rickshaws, there has been a surge in both the demand and supply of app based ride sharing services such as Pathao, O Bhai, Sam, Shohoj to name a few. Moreover, safety and convenience perception about cars, increase in the average income of middle class people, lower import tax of reconditioned cars and inadequate public transport infrastructure have resulted in an increase in the demand for private cars and have subsequently opened the door for app-based car companies to exploit the local market. In Dhaka, only a small portion of the CNG auto rickshaws and cab drivers follow the proper traffic rules. Moreover, they overcharge their passengers and do not even use meters when trip is on (Razia and Momtaz, 2012). There is a lack of public transportations and the condition of the available public and private buses is not satisfactory either (bdnews24, 2015). All these issues are also playing into the hands of Uber and helping it get popular. Under these circumstances, it has become imperative for Uber to identify some factors that will help attract prospective passengers and satisfy existing ones to ensure that they travel more by Uber. However, to the best of the authors' knowledge, there has been no published empirical research work so far on passengers' satisfaction toward Uber in the context of Bangladesh. Though partially this issue has been addressed on several newspaper articles, this study will contribute further to our existing knowledge and confirm our existing belief based on empirical evidences with regard to the factors that can be used as crucial determinants to influence passengers' satisfaction toward Uber. Furthermore, this study will act as a reference point for future studies in the ride sharing market of Bangladesh. .

LITERATURE REVIEW

Customer satisfaction is reflected in a person's feelings when the perceived performance of a product or service matches customer expectation (Oliver, 2010). John and Joby (2003) stressed that customer satisfaction is the customer's assessment of a product or service based on whether the product or service fulfills the expectations and requirements of the customer. According to Khuong and Dai (2016), there are several factors which affect customer satisfaction such as service provision or service availability, service quality, accessibility, delivery rate, professionalism, informative service, friendly staff, the physical environment and so on.

Passenger satisfaction is considered to be a decisive factor in case of selecting a particular medium of transportation (Redman et al, 2013). According to Voss, Parasuraman and Growel (1998), a comparison between the services that a passenger receives and the services which he or she expects always exists when the passengers travel with a particular medium of transportation. Passengers tend to be loyal to those transportation services that meet or exceed their expectations; otherwise they switch toward alternative options. Uber, a new entrant in the transportation sector, is a result of technological advancement and it acts as medium to link passengers and drivers through mobile apps. It now serves as a better alternative to taxi service according to Rempel (2016). Arsyawati and Pradana (2017) relied upon modified SERVQUAL model proposed by Parasuraman et al (1988) to measure customer satisfaction with Uber transportation service in Jakarta. The model included five determinants such as reliability, assurance, tangibles, empathy, responsiveness plus an additional factor named flexibility. Because of technological advancement and internet availability, Bangladesh is also experiencing Smartphone app based transportation services like Uber.

Some prominent Bangladeshi daily newspaper articles provided insights that Uber is getting popularity in Dhaka streets. According to a report published in The Daily Star (2018), passengers perceive Uber rides as safe, reliable and affordable and whenever the passengers wish to get the service they are getting it at the push of a button. Bdnews24 (2018) indicated that Dhaka has emerged as one of rapid growing cities in case of using Uber service in the Asia Pacific Region. But these newspaper articles are not backed by empirical and statistical evidence. Various scholars, however, have tried to identify the factors that might influence commuter's satisfaction with respect to different modes of transportation including Uber. Those factors are delineated below in brief:

Accessibility

Uber is one of the most accessible ridesharing services that support transport as well as referral services. Wan et al., (2016) proposed that perceived accessibility can be one of those crucial factors that might contribute to passengers' satisfaction and intention to use the Uber services. Sharma and Das (2016) found that users of online cab services such as Uber can easily download the app and call a vehicle from any location in India using Uber app. Besides, the users can keep an eye on the progress of the Uber car using their smartphones rather than just waiting for the conventional cabs or traditional CNG run auto rickshaws and speculating when they will ultimately arrive at the destination (Sharma and Das, 2016). The Daily Star (2018) reported that 24/7 availability of Uber car services can be very useful for the passengers in case of health related emergencies such as epileptic seizures, chest pain or any other accidents. This type of easy accessibility is certainly responsible for generating tremendous level of passengers' satisfaction toward Uber.

Drivers' Performance

Insights from previous studies suggest that the performance of the drivers contribute significantly to passengers' satisfaction with various types of transportation services. Razia and Momtaz (2012) identified that rude behavior of the drivers as well as their ignorance about traffic signals lead to noteworthy dissatisfaction among the passengers toward the CNG run auto rickshaws. As a result, passengers are switching toward alternative options such as Uber where drivers are perceived to be more skilled, aware of traffic rules (The Daily Star, 2017). Moreover, the drivers of Uber engage in pleasant conversations with the passengers which augment passengers' level of satisfaction. Hawkin (2018) reported that Uber authority has now started offering rewards to the high performing drivers who maintain high ratings and low cancellation rates which ultimately stimulate the drivers to perform better to satisfy their passengers.

Comfort

Passengers look for comfort in terms seats, space, and air conditioning while choosing a mode of transportation (Litman, 2008). The correlation between perceived comfort and passengers' satisfaction has empirically been proven in many previous studies (Islam et al., 2014; Khoung and Dai, 2016). In addition, McKnight et al., (1986) employed RECSA (reliability, extent of service, comfort, safety and affordability) model to prove how comfort as perceived by passengers plays a decisive role in their satisfaction with a mode of transportation. Furthermore, Horsu and Yeboah (2015) used a modified version of the same model and discovered that passengers become satisfied when vehicles such as taxis and cars offer comfortable seats, cleanliness, proper sources of entertainment and enough air circulation. Recently, Balachandran and Hamzah, (2017) found that comfort plays the most significant role in influencing customers' satisfaction of ride sharing services in Malaysia.

Safety

Wan et al., (2016) asserted that safety is recognized as being one of the most important components leading to passengers' satisfaction with respect to Uber. The Daily Star (2018) reported that Uber examines new drivers by scrutinizing their background including criminal records. When an individual submit an application to be a driver, Uber gathers his or her private data, such as their name, address, identity number, vehicle registration, and a copy of driving license.

Furthermore, the passengers can easily evaluate and feel safe about the performance of the drivers by examining their ratings on the app. Feeney & companies Uber (2015) delineated that passengers are less harassed and their luggage are kept more secured by the ride sharing companies such as Uber compared to the traditional transports. However, it is a good sign Uber has launched a "safety toolkit" made up of a complete set of safety features for riders in Bangladesh (Dhaka Tribune, 2018). Through this safety center, the riders can obtain safety related suggestions and tips. Moreover, it offers an emergency button which prompts the riders to dial the police control room in case of emergency. Because of these services, Uber is turning out to be safer rides for women (The Daily Star, 2018).

Affordability
There is a strong and positive link between perceived affordability and passengers' satisfaction (Horsu and Yeboah, 2015; McKnight et al., 1986). Balachandran and Hamzah, (2017) found positive and significant association between price and customer satisfaction of ride sharing services in Malaysia. In Bangladesh, although no empirical study confirmed this relationship in the context of Uber, still one newspaper report published in (The Daily Star, 2018) suggests that even though the rates charged by Uber are higher compared to the other modes of transportation, passengers are still finding its rates affordable as the perceived service quality is higher than the rival modes of transportation However, by reviewing the previous research works, the researchers have proposed the following conceptual framework:

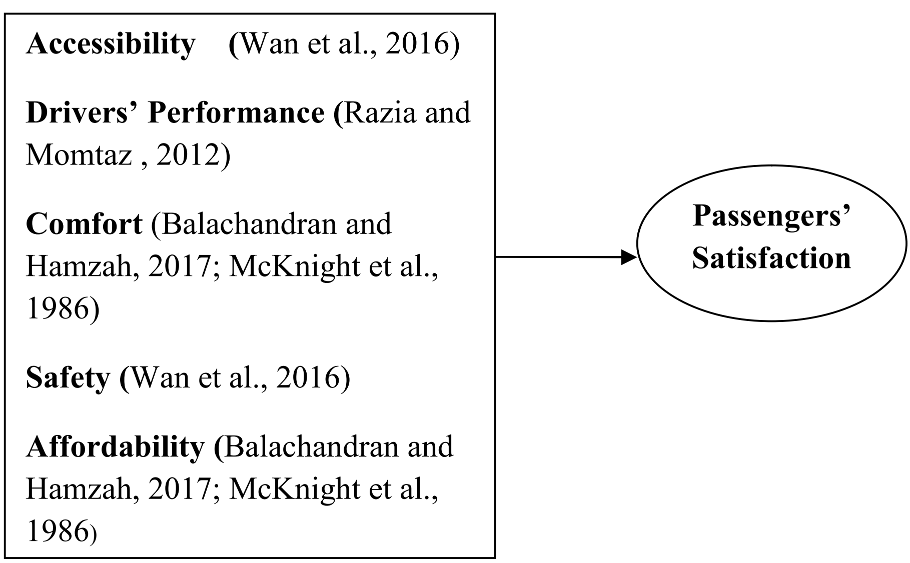

Figure: Conceptual Framework

METHODOLOGY

Problem Identification: Uber is the first and the largest ride sharing service in the world which now has become one of the most popular choices of transportation among the commuters in Bangladesh. Several studies (Sharma and Das, 2017; Arsyawati and Pradana, 2017) in the recent past identified a number of service quality factors which can affect passengers' satisfaction with online ride sharing service such as Uber. But those studies were carried out from different country and cultural perspective. In Bangladesh, only a few newspaper articles reported about the popularity of Uber but those are not supported by empirical and objective evidences. These research gaps have prompted the researchers to carry out this empirical study on "the factors affecting passenger's satisfaction with Uber in Dhaka city".

Nature of the Research: This was a descriptive research in nature where survey questionnaire was used to collect quantitative data in order to identify the factors which are responsible for passenger's satisfaction with Uber service. To be precise, this study involved a cross sectional design in which there were multiple respondents and information from each respondent was collected only once.

Research Questions: The authors asked several research questions which were guided by the specific objectives of the problem, theoretical framework as well as the analytical model adopted in this study. Those research questions were as follows:

-What factors are responsible for affecting passengers' satisfaction with Uber?

-To what extent perceived accessibility, drivers' performance, perceived comfort, perceived safety and perceived affordability influences passengers' satisfaction?

-How can Uber work on the identified factors to improve the passengers' satisfaction level?

Hypothesis Development: The conceptual framework presented above led the researchers to formulate the following null hypotheses:

$H_0$1: Accessibility does not have significant influence on passengers' satisfaction with Uber Service.

$H_0$2: Driver's Performance does not have significant influence on passengers' satisfaction with Uber Service.

$H_0$3: Perceived comfort does not have significant influence on passengers' satisfaction with Uber Service.
$H_0$4: Perceived safety does not have significant influence on passengers' satisfaction with Uber Service.
$H_0$5: Perceived affordability does not have significant influence on passengers' satisfaction with Uber Service.

Sources of Data: Both Primary and Secondary sources of data were used to make this study more reasonable and acceptable. The primary data were collected both online and offline from the users of Uber service in Dhaka City. Review of different literatures regarding Uber service and passenger satisfaction and related newspaper articles helped the researchers to collect the secondary data.

Target Population: The target population for this study was defined as follows:

-Element: Male and female passengers over 18 years of age who have used Uber car services at least once.
-Sampling Unit: Commuters
-Extent: Four areas of Dhaka City such as Uttara, Gulshan, Mirpur and Dhanmondi
-Time: April 2018 to December 2018

Sampling Frame: It was difficult to construct a sampling frame for this study. But a social media group named "Uber users of Dhaka" was used by the authors to generate a list of Uber users which served as a basis for identifying the target population.

Sampling Technique and Sample Size: The researchers utilized a simple random sampling technique in which respondents were chosen probabilistically from a list of Uber users generated from the chosen sampling frame ("Uber users of Dhaka" social media group). However, the sample size was fixed to be 300 who were surveyed both online and offline. To calculate the sample size, the researchers adopted the following formula suggested by (Green, 1991):
-Minimum sample size for regression = 50 + 8 (Number of Independent Variables).

According to this formula, with 20 independent variables, minimum sample size turns out to be 210. However, 300 samples chosen in this study surpassed this threshold level.

Questionnaire: In order to collect the data, a self-administered structured questionnaire was used. This questionnaire also included some open-ended and non-forced, balanced and odd numbered non-comparative itemized questions. For this survey, a 5 point Likert Scale (1=strongly disagree, 5=strongly agree) was exercised to gather the respondents' level of agreement or disagreement with multiple items measuring several factors affecting passengers' satisfaction.

Data Analysis Techniques: For data analysis, the researchers relied upon principal component factor analysis with varimax rotation and multiple regression analysis. Firstly, through factor analysis, multiple items measuring passengers' satisfaction were reduced into five factors such as accessibility, drivers' performance, comfort, safety, and empathy. Then, regression analysis was conducted to investigate the relative importance of the factors responsible for influencing passengers' satisfaction.

Limitations:

This study bears certain key limitation with regard to sampling, as the sampling frame chosen in this study, represents merely a defined stratum of Bangladeshi society. The study was conducted on the passengers' of only a limited number of areas. Moreover, because of limited amount of time and budget, the survey was carried out with inadequate number of the samples although they were representative of the sampling frame. Furthermore, to avoid the problem of reverse coding, Likert scale items used in this study only included favorable statements which might bias the results to some extent. A combination of both favorable and unfavorable statements might have given a different outcome. Moreover, this study did not explain how different demographics characteristics of the respondents influence the level of satisfaction of the passengers. These problems, of course, limit the scope of generalization of study.

RESEARCH OBJECTIVES

The broad objective of this study was to identify the determinants affecting passengers' satisfaction with Uber service in Dhaka city. Based upon this broad objective, the specific objectives are as follows:

1. To find out variables responsible for passengers' satisfaction with Uber service and to identify the underlying factors which correlate among those selected variables.
2. To predict the degree and strength of association between passengers' satisfaction and the identified factors.
3. To examine the relative importance of the factors influencing the passengers' satisfaction of Uber.
4. To provide some recommendations for further improvement.

FINDINGS & DISCUSSION

Firstly, the researchers carried out a factor analysis to identify the determinants affecting passengers' satisfaction with Uber services in Dhaka city. To scrutinize the appropriateness of factor analysis, the researchers focused on KMO and Bartlett's Test.

The value of KMO statistic falls between 0 and 1. This is used to examine whether the sample size is large enough for conducting factor analysis or not. Kaiser (1974) came up with guidelines where he mentioned that values below .5 indicate that factor analysis may be inappropriate. Even a value of .60 is "mediocre". However, only when one gets into .70, the result turns "middling" and certainly KMO values of .80 and .90 are "meritorious" and "marvelous" respectively.

Table 1: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.824
Bartlett's Test of Sphericity	Approx. Chi-Square	3766.688
	Df	190
	Sig.	.000

As shown in table 1, KMO value appears to be .824 in this study which indicates that the result is "marvelous" and the sample size is adequate enough for data analysis. Moreover, Bartlett's test of sphericity is significant at .05 levels. So, the null hypothesis, the population correlation matrix is an identity matrix, is rejected. A reliability test was conducted to assess the internal consistency among the several items for the same construct. The researchers used Cronbach's coefficient alpha in order to assess the degree of internal consistency. Normally, a Cronbach's alpha is acceptable at a value of .60 (Churchill, 1979). From table 2, it is evident that all the constructs exceeded this threshold. As evident from the table 2, five major factors were identified in the next stage. Only the factors with eigenvalue greater than 1 had been retained for further analysis. Looking at the percentage of variance explained column, the researchers found that five factors extracted together result in 76.926 percent of the total variance.

Table 2: Factor and Reliability Analysis Results of Indicator Variables

Constructs and Related Items	Factor Loading	Eigen Value (% of Variance Explained)	Reliability (Cronbach's Alpha)
Accessibility (Factor 1)			
Uber cars are available whenever I want to travel short distances (acc1)	.882	4.386 (21.929)	.887
I can easily download and use the Uber app (acc2)	.895		
I get Uber services whenever I demand (acc3)	.899		
I have access to Uber services at late night (acc4)	.871		
Drivers' Performance (Factor 2)			
The drivers of Uber are well behaved (dri_per1)	.844	3.403 (38.941)	.905
I think the drivers of Uber are well trained (dri_per2)	.894		
The drivers of Uber abide by the traffic rules (dri_per3)	.889		
The drivers of Uber do not drive recklessly (dri_per4)	.860		
Comfort (Factor 3)			
I feel calm in the air conditioned	.852	2.779	.895

cars of Uber (com1)		(52.835)	
Uber offers neat and clean cars (com2)	.897		
Uber cars provide comfortable seating arrangements (com3)	.882		
The cars do not smell bad (com4)	.834		
Safety (Factor 4)			
I do not fear while travelling by Uber (saf1)	.851	2.538 (65.525)	.886
I was not never harassed by the drivers of Uber (saf2)	.892		
My luggage are secured with Uber (saf3)	.871		
I think Uber ensures safety for women (saf4)	.819		
Affordability (Factor 5)			
I found the fares of Uber cheap (aff1)	.819	2.280 (76.926)	.912
Uber offers value for money ride (aff2)	.897		
I consider the fares charged by Uber to be fair (aff3)	.871		
I often receive promotional codes and discounts from Uber which makes me happy (aff4)	.844		

Rotated component matrix is used for easy interpretation of the data. The matrix contains the factor loadings of all the items or variables on the factors extracted (Malhotra, 2017). In this study, a factor loading cut-off point of .40, regardless of sample size, had been followed based on the suggestions provided by Pituch and Stevens (2015). Hence, variables with factor loadings below .40 were not shown in table 2.

As shown in the table 2, the first factor is labeled as “Accessibility” as four items such as short distance coverage, easy access to user friendly Uber app, on demand availability of Uber car service, and late night availability that loaded heavily on this factor are related to accessibility of the Uber car service.

The second factor is named as "Driver's Performance" as four variables such as driver's modest behavior, training, adherence to traffic signals and less reckless driving are related to the skills and performance of the drivers.
Variables such as air conditioned cars, cleanliness, seating arrangement, absence of bad smell in the car are associated with comfort that a traveler seeks while riding on a car. These items were loaded on the third factor. So, the third factor has been identified as "Comfort".

The fourth factor has been named as "Safety", as it has items such as fearlessness with Uber car ride, less incidents of harassment from drivers, secured handing of luggage, and female's perception of security. Finally, the fifth factor loaded heavily on four items such as cheap fare of Uber, value for money ride, fair pricing, and discounts. Hence, this factor has been labeled as "Affordability".

Table 3: Factor Analysis Result of Items Measuring Passengers' Satisfaction

Constructs and Related Items	Factor Loading	Eigenvalue and Cumulative %	Reliability (Cronbach's Alpha)
Passengers' Satisfaction (Dependent Variable)			
The performance of Uber matched my expectation (pas_sat1)	.729	2.585(64.629)	.816
It is a pleasure to travel by Uber cars (pas_sat2)	.844		
I recommend Uber to others (pas_sat33)	.868		
I will keep using Uber services in the future (pas_sat4)	.776		

The dependent variable in this study was "Passengers' Satisfaction". It was measured using four items. All the four items loaded on one factor, and the factor loading is found to be greater than .7. This is shown in the Table 3.

In the next phase of the study, a multiple regression analysis was conducted to identify the degree and strength of association between dependent variable (Passengers' Satisfaction) and extracted factors such as accessibility, drivers' performance; comfort, safety, and affordability which were considered as independent variables. Through regression coefficients, the researchers also determined the relative importance of accessibility, drivers' performance; comfort, safety, and affordability in influencing the passenger's satisfaction with Uber car services. For more accuracy, the researchers depended on factor scores of the extracted factors computed with the help of factor score coefficients resulting from factor analysis output and then they were subsequently used in regression analysis as independent variables for testing hypotheses.

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.782[a]	.611	.604	0.629051	1.839

a. Predictors: (Constant), Affordability, Safety, Comfort, Driver's Performance, Accessibility
b. Dependent Variable: Passengers' Satisfaction

As shown in the Table 4, the researchers found a moderately strong positive correlation (R=.782) between passengers' satisfaction and the independent variables such as accessibility, drivers' performance; comfort, safety, and affordability. R square represents the strength of association between dependent and independent variables (Malhotra, 2017). Here, the value of R square (.611) in the model implies that 61.1% variation in the dependent variable can be explained by the identified independent variables. Hair et al., (204) suggested that R^2 values between .50 and .70, as a rule of thumb, can be described as "moderate" in the marketing based scholarly articles. Hence, it can be concluded that the dependent and independent variables chosen for this study represent a moderate strength of association. As shown in the Table 4, adjusted R square has a value of .604 which is closer to R square. This signifies that the addition of independent variables after including the first independent variables plays a significant contribution in explaining the variation in dependent variables. The value of Durbin-

Watson test falls within 1.5 and 2.5, which means the data are not auto correlated.

Table 5: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	182.663	5	36.533	92.323	.000[b]
	Residual	116.337	294	.396		
	Total	299.000	299			

a. Dependent Variable: Passengers' Satisfaction
b. Predictors: : (Constant), Affordability, Safety, Comfort, Driver's Performance, Accessibility

The ANOVA table shows that P value is less than .05. So, the null hypotheses (R square in the population is zero) is rejected.

Table 6: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-2.7251E-16	.036		.000	1.000		
	Accessibility	.271	.036	.271	7.460	.000	1.000	1.000
	Drivers' Performance	.394	.036	.394	10.834	.000	1.000	1.000
	Comfort	.377	.036	.377	10.371	.000	1.000	1.000
	Safety	.388	.036	.388	10.657	.000	1.000	1.000
	Affordability	.299	.036	.299	8.213	.000	1.000	1.000

a. Dependent Variable: Passengers' Satisfaction

The results of regression coefficients as evident from Table 6 reveal that accessibility, drivers' performance; comfort, safety, and affordability positively and significantly affect passenger's satisfaction as all the variables were statistically significant at 5% significant level. Therefore, all the null hypotheses developed for this study were rejected which indicates that the chosen factors play a significant role in influencing the passenger's satisfaction with Uber car service. As evident from Table 6 (looking at the Unstandardized coefficient column), amongst all the variables, drivers' performance is the most important factor in affecting the passenger's satisfaction level with Uber service followed by safety, comfort, affordability and accessibility. It is noticed that the signs associated with each independent variable is positive. This indicates that per unit increase in the accessibility, driver's performance, comfort, safety and affordability might increase the level of passengers' satisfaction by .271, .394, .377, .388, and .299 respectively given the other factors remain constant. As shown in the Table 6, the values of Tolerance and VIF indicate that there was no problem of multicollinearity since VIF is less than 10 and tolerance values are greater than .1.

Based on the above findings, the authors obtained several meaningful insights as discussed below:

Uber is now accessible 24/7 in most parts of the Dhaka city. All that the passengers need to do is to download an Uber app and submit a trip request. A request is then automatically sent to the Uber driver adjacent to the traveler by the software program. The pick time for Uber service is 8am to 10am in the morning and 6pm to 10pm in the evening (bdnews24, 2018). Beside this pick time, even at midnight, one can easily have access to Uber at his or her doorstep. This type of easy access to the service significantly contributes to passengers' satisfaction.

This study found that among the other variables, drivers' performance has the most significant and positive association with the passengers' satisfaction. Drivers' of Uber perform better than the drivers of local buses and CNGs according to the findings. The respondents have a perception that Uber drivers are more skilled, knowledgeable, well trained and they have some kind of technical knowledge. Although some negative reports are often heard about the drivers on charging extra fares, taking detours, not willing to travel the desired destinations, conducting misbehavior, the total number of complaints compared to the drivers of public buses and CNGs are small. That is why most of the drivers have ratings greater than 3. When the driver engages in friendly conversation with the passengers, a 6 star compliment is given to them.

Commuters have also articulated their satisfaction with Uber cars which they say are comfortable. Uber cars are air conditioned. During summer and hot weather, it gives immense comfort to the commuters. Besides, the cars have spacious seating arrangements where at least 4 people can easily share rides. Although the Uber service is more expensive than CNG autos, it is the comfort, cleanliness of the car which made it more lucrative.

Presently in Dhaka, Uber ride sharing services are considered to be safer than any other modes of transportation. Before placing a request, the commuter can easily get necessary information on the drivers including their names, contact details, car registration number, the number of rides taken by the driver and a rating. Those days are gone when women used to rely upon her personal drivers or male counterparts for pick or drop. Now, even at midnight, all a woman needs to do is tap on the app and request a ride and the car will be at her doorstep. But still there have been few incidents of female harassments (Dhaka Tribune, 2017). If Uber wants to increase the satisfaction level of commuters, it must minimize such incidents.

Although Uber charges higher fees compared to CNG autos, its better experience and high quality services make up for that. The fees seem to be affordable for most customers. Still some middle income people want the fares to be a bit lower. In case of Uber X, base fare is BDT 40, per minute fee is BDT 3, per kilometer fee is BDT 18, cancellation fee is BDT 30, Service fee is BDT 0, and the minimum fare is BDT 40. On the other hand, in case of PREMIER cars, the base fare is BDT 80 and per kilometer fee is BDT 22, while other fees are the same as UberX. The good side is that Uber often send promotional codes to the regular passengers through SMS. When these codes are applied, the passengers get discounts up to 75 percent. That is why even though the rates charged by Uber are higher compared to the other modes of transportation, passengers are still finding its rates affordable as the perceived service quality is higher than the rival modes of transportation.

RECOMMENDATIONS

Based on the above findings, the researchers proposed the following recommendations:

1. It has been found in this study that the drivers' performance is significantly associated with the passengers' satisfaction. However, many customers have alleged that some of the Uber drivers are taking extra amounts saying that the apps sometimes display inappropriate readings. Some drivers take detours by giving a lame excuse of avoiding intense traffic. Uber authority must address these issues and train its drivers to follow the route on the map strictly to avoid such complaints.

2. The researchers suggest that Uber should increase the frequency of sending promotional codes and discounts to its customers. Some of the regular middle class customers think that Uber fares of BDT 500 to travel 6-7 kilometers are objectionable. If continuous discounts are given to these regular and middle class passengers it will induce them to choose Uber over other modes of transportation.

3. Uber must make sure that its ride-sharing policy is strictly followed. The drivers must not try to know the destination from the passengers before picking them up. Moreover, it must be ensured that no driver refuse to travel certain destination or behave badly with the passengers.

4. This study found that Uber has been somewhat successful in ensuring safer rides for both men and women in Dhaka. But, sometimes on the social media page of Uber, several complaints regarding harassment from drivers are noticed. The researchers suggest the Uber authority to investigate these complaints and fire employees after harassment probe. The researchers believe that there should be no compromise about safety issues.

5. Cars that cannot ensure comfort for the passengers should not be allowed to use Uber services. It will not be a wise decision for Uber to make unfit cars available on the roads as this type of stance will damage the reputation of the company.

CONCLUSION

The empirical evidence of the effect of several factors such as accessibility, drivers' performance, comfort, safety and affordability on passengers' satisfaction with Uber car services in Dhaka city is one of the key findings of this study. If Uber fails to perform better with respect to these variables, passengers' discontent will occur and they will switch to other options of transportation which are offering similar services. Nevertheless, the researchers hope that this study should act as reference point for future studies in the ride sharing market of Bangladesh. In future, other researchers might carry out a comparative study of customer satisfaction towards Uber and other ride sharing car services. Future studies might as well come up with an experimental research to prove cause and effect relationship passengers' satisfaction and the identified factors chosen in this study. There is also a scope to investigate whether or not passengers' satisfaction differs significantly between males and females or among other demographic variables. Finally, it can be said that the findings and recommendations presented in this study may be followed by the authority of Uber car services to augment the satisfaction level of the passengers.

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EMPLOYEE MOTIVATION: THE KEY TO EFFECTIVE ORGANIZATIONAL MANAGEMENT IN BANGLADESH

Dr. Parveen Ahmed [1]

ABSTRACT

Motivation requires discovering and understanding employee drives and needs, since it originates within an individual. Work motivation is the set of internal and external forces that cause an employee to choose a course of action and engage in certain behaviors. Ideally, these behaviors will be directed at the achievement of an organizational goal. Keeping this in view, the present article investigates the indispensability of employee motivation in organizational management. In the manner of a qualitative research, the article examines the relationship that exists between employee motivation and organizational management. While explaining such relationship, the author has identified many factors of employee motivation along with some theories of motivation. Understanding how these motivational factors stimulate employee effort to perform and how effective performance brings the satisfaction of rewards is useful for managers. Finally, the paper has underlined the importance of employee motivation to organization by pointing out that a satisfied individual would certainly contribute positively to the realization of organizational goals and objectives, while a dissatisfied employee can act in such a way that the realization of such goals and objectives could be completely destroyed.

Keywords: Motivation, Employee motivation, Organizational management.

INTRODUCTION

An effective organization is based on how much of it's goals are achieved. Effective organization must have sense of commitment, cooperation and satisfaction within the organization that influence every one. In the present competitive and complex environment of the market irrespective of size of organization the most challenging is to retain quality employees. To accomplish such a tough job a strong and positive relationship should be created and maintained among employees and within organizations. Success of organization means achieving to what extent the organizations achieves it's goals. To do so all employees are to be satisfied motivated and while employees are to fulfil their tasks properly to progress the organization.

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Therefore organization to achieve meaningful success must have ability to create motivational values adequately by providing skill training, financial and nonfinancial motivation, justified facilities, promotion, position and fringe benefits etc. Only a satisfied personnel become positive and contributory to organization to achieve and organizational goal. Thus, employee satisfaction through motivation is the most effective key factors, must be maintained in any organization.

OBJECTIVES

The article provides practicing managers with a full and practical introduction to employee motivation concepts and techniques. The objective is to make it clear that the relationship that exists between employee motivation and organizational management is very crucial and interwined. Therefore, employee input must be valued to achieve a long-lasting goal of the organization.

The specific objectives include-

i) Explain that there is a need for strong and effective motivation at various levels of an organization.
ii) Discuss the major theories of motivation that help in understanding employee behavior.
iii) Outline the main benefits of employee motivation in organizations.
iv) Demonstrate and describe that motivating employees is purely and simply a leadership behavior.
v) Illustrate the importance of human resource information system in improving the value of employees to the organization.

LITERATURE REVIEW

The word motivation comes from the Latin word *movere,* which 'means' to "move". Motivation is a process that starts with a phycological or psychological deficiency or need that activates behaviour or a drive that is aimed at a goal or incentive. Thus, the key to understanding the process of motivation lies in meaning of, and relationship between, needs, drives, and incentives. (Luthans, 1989). Motivation is an act of stimulating someone or oneself to get a desired course of action. (Jucious, 1979). Motivation is a basic psychological process. (Luthans,

1989). Motivation is a general term applying to the entire class of drives, desires, needs, wishes, and similar forces. To say that managers motivate their subordinates is to say that they do those things which they will satisfy these drives and desires and induce the subordinates to act in a desired manner. But individuals themselves do have a responsibility for self-motivation. Human motives are based on needs, whether consciously or subconsciously felt. (Weihrich & Koontz, 1988). A need is anything an individual requires or wants. (Griffin & Moorhead, 1995). Some are primary needs. Other needs may be regarded as secondary. (Weihrich & Koontz, 1988). Primary needs are things that people require to sustain themselves, such as food, water and shelter. Secondary needs are more psychological in character and are learned from the environment and culture in which the individual lives. (Griffin & Moorhead, 1995). Organizational reward systems are the primary mechanisms managers have for managing motivation. (Griffin, 1987).
Motivation is involving a chain reaction-starting out with felt needs, resulting in wants or goals sought, which give rise to tensions then causing action toward achieving goals, and finally satisfying wants. This chain is shown in figure 1.1. (Weihrich & Koontz, 1988).

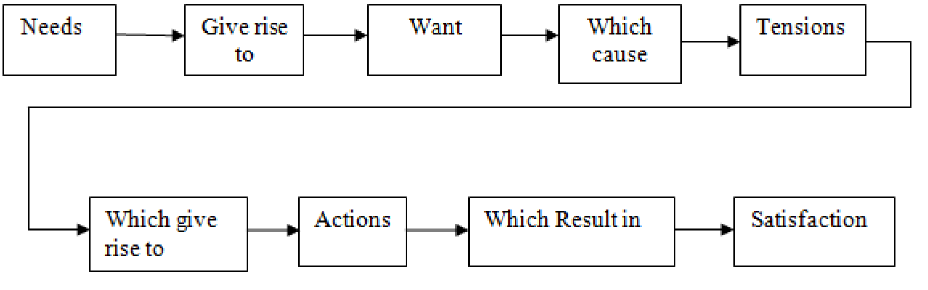

Figure 1.1. Need - Want- Satisfaction Chain

There are many theories of motivation, few of the most popular and applied theories are mentioned below. One of the most widely mentioned theories of motivation is the hierarchy of needs theory. Put forth by psychologist Abraham Maslow, saw human needs in the form of a hierarchy, ascending from the lowest to highest, and he concluded that when one set of needs was satisfied, this kind of need ceased to be a motivator.

The Need Hierarchy

The Basic human needs placed by Maslow in an ascending order of importance and shown in the figure. 1.2. (Weihrich & Koontz, 1988).

1. Physiological needs. These are the basic needs for sustaining human life itself, such as food, water, warmth, shelter, and sleep. Maslow took the position that until these needs are satisfied to the degree necessary to maintain life, other needs will not motivate people.

2. Security, or safety needs. These are the needs to be free of physical danger and the fear of loss of a job, property, food, or shelter.

3. Affiliation, or acceptance, needs. Since people are social beings, they need to belong, to be accepted by other.

4. Esteem needs. According to Maslow, once people begin to satisfy their need to belong, they tend to want to be held in esteem both by themselves and by others. This kind of need produces such satisfactions as power, prestige, status, and self-confidence.

5. Need for self-actualization. Maslow regards this as the highest need in his hierarchy. It is the desire to become what one is capable of becoming—to maximize one's potential and to accomplish something.

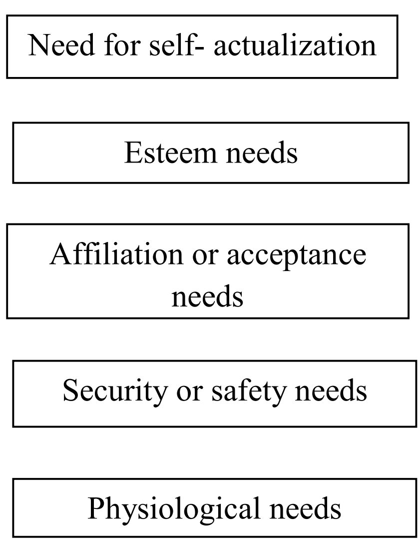

Figure. 1.2. Maslow's Hierarchy of Needs

The Motivation-Hygiene Approach to Motivation

Maslow's need approach has been considerably modified by Frederick Herzberg and his associates. Their research purports to find a two-factor theory of motivation. In one group of needs are such things as company policy and administration, supervision, working conditions, interpersonal relations, salary, status, job security, and personal life.

These were found by Herzberg and his associates to be only dissatisfiers and not motivators. In other words, if they exist in a work environment in high quantity and quality, they yield no dissatisfaction. Their existence does not motivate in the sense of yielding satisfaction; Their lack of existence would, however, result in dissatisfaction. They were consequently referred to as "hygiene" factors.

In the second group, Herzberg listed certain satisfiers-and therefore motivators-all related to job content. They included achievement, recognition, challenging work, advancement, and growth in the job. Their existence will yield feeling of satisfaction or no satisfaction (not dissatisfaction).

The first group of factors (the dissatisfiers) Herzberg called maintenance, hygiene, or job context factors. Their presence will not motivate people in an organization; yet they must be present, or dissatisfaction will arise. The second group or the job-content factors, he found to be the real motivators because they have the potential of yielding a sense of satisfaction. Cleary, if this theory of motivation is sound, managers must give considerable attention to upgrading job content. (Weihrich & Koontz, 1988).

THEORY X AND THEORY Y

Douglas McGregor proposed two distinct views of human beings: one basically negative, labeled Theory X, and the other basically positive, labeled Theory Y. After viewing the way in which managers dealt with employees, McGregor concluded that a manager's view of the nature of human beings is based on a certain grouping of assumptions and that he or she tends to mold his or her behavior toward employees according to these assumptions. Under Theory X, the four assumptions held by managers are:

1. Employees inherently dislike work and, whenever possible, will attempt to avoid it.
2. Since employees dislike work, they must be coerced, controlled, or threatened with punishment to achieve goals.
3. Employees will avoid responsibilities and seek formal direction whenever possible.
4. Most workers place security above all other factors associated with work and will display little ambition.

In contrast to these negative views about the nature of human beings, MeGregor listed the four positive assumptions that he called Theory Y:

1. Employees can view work as being as natural as rest or play.
2. People will exercise self-direction and self-control if they are committed to the objectives.
3. The average person can learn to accept, even seek, responsibility.
4. The ability to make innovative decisions is widely dispersed throughout the population and is not necessarily the sole province of those in management positions. (Robbins, 2001).

Expectancy theory

Having some conception of nature of human needs and variety of organizational rewards available enables the manager to develop some type of motivational program. One model that proposes to structure the managerial effort in this regard has been labeled expectancy or path-goal theory. In essence the model states: motivational force equals valence multiplied by expectancy. (Filippo & Munsinger, 1982).

(Ganta, 2014) write that a key as psychology is motivation.In his conclusion it is mentioned that managers must know how their people think and what makes them to do so. A motivator is that which impels or compels and individual to act toward meeting a need. Managers must know why their people behave the way they do, so that these button can be pushed at the managers discretion.

(Joseph,2015) in an article reviewed theories of motivation and revealed findings that an employee should be given job with proper training and should be placed in such a suitable position so that the employee can enjoy what he knows best. It is also mentioned in this study that employees who are motivated have sense of belonging, recognition and achievement. The use of periodic performance reviews based on recognition upon systematic evaluation would be helpful motivating employees.

(Ngima and kyonjo, 2013) mention that researcher's findings confirm the theories that motivational management is critical if employees are to feel valued and be committed to achieving the organizational goals. Motivation is a process that has to be maintained through proper people management and employees need opportunity to achieve the higher levels of needs. The theories also confirm that the average human being learns under proper conditions not only to accept but also to seek responsibility.

They also confirm the researcher's findings on the importance of work environment, working conditions, interpersonal relations, the organizational policies, content and nature of the job to employee motivation and performance. Managers are responsible for providing an environment that is conducive to performance but we must also note that individuals are also responsible for self-motivation. The senior management does not trust the managers. This makes it difficult to make certain decisions as and when they need to. The senior management delegates work to the managers but deny them the authority to act. However, both the intrinsic and extrinsic motivation factors have not been fully exploited and there is an element of hostile management and lack of trust by the management. Paying your workers wages on time uplifts their morale to work. A good wage as a foundation of motivational management should be paid when it is due and consistently. While some of the motivational methods did have significant influence on employee performance, some did not given the conditions under which they are applied.

METHODOLOGY

At the beginning of the study an intensive literature review has been done. To focus on the main objective, a survey has been carried out. Total sample number was 50. Only Officers are included in the sample of this study. This survey includes the issues concerning how employeesare motivated in their job, what are the factors that influence employee motivation, It also includes service rules, annual reports, office order, relevant previous files and related information. To collect sample, officers at various levels have been provided close ended as well as open ended questionnaire. There are 25 questions in the questionnaire. 1-8 are related to personal information of the respondents (not shown here). From No.09-25 are motivation related questions.

FINDINGS

The main problems found in this study are: lack of sound and completed policy relating to recruitment & selection in the organization in Bangladesh. Improper management system with inadequacy of qualitative and quantitative resources. Standard rules and procedures for selection process have not been in practiced as a routine method. It is not very uncommon that less qualified personnel have been selected in the organizations making other existing's employees uncomfortable and demotivated.

Career planning is one of the issues very important for the organizational employees to play their role properly to effectively contributing the organizations and this also increases chances of employee retention. But unfortunately employees are often unaware and no awareness form organizational part help them thinking this issue to be focused. Even some of them are aware, they don't find necessary information, assistance and financial/nonfinancial support for their career development. Human resource department better said HRD can play a pivotal role, aid employees providing technological and educational support in this respect.

Demotivation also takes place in case of recruitment at the entrance while candidates begin to search jobs in various organizations. In reality chances of getting a job is often influenced by political reference, top level personnel and bribing etc. which results employees demotivated just at the beginning of searching jobs.

Not getting promotion to higher position even after meeting all the criteria set by the organization, on time or years after due time, also leads employees not being motivated.

Training is to be imparted after proper need assessment of the employees in an organization, but hardly need assessment is carried out for the training in the organizations of Bangladesh. Because of this, potential candidate those are to be promoted are frequently have been promoted without relevant training, resulting difficult situation to do job in their higher positions; also make them not only incompetent but frustrated. Besides, candidates those are already trained are not valued for giving promotion by the organizations. Employee placement also become ineffective for they have not been trained for their jobs before or immediate after placement, also is a demotivating factor. Those who have skill, good educational background and training in respective field are mostly neglected from the entrance to job, promotion, placement and posting – leading them demotivated.

Appraisal of an employee in our country is not enough fare and fruitful due to absence of a structured and methodical appraisal system or process in organizations. Moreover, even in few organizations if some scale exists, those are frequently not followed rather appraisal is influenced by many ways. Such as favoritism, personal relation to bosses, financial mutual benefit sharing etc. Therefore, result is again demotivation.

To overcome this problem supervisors should be trained and they must practice justice and high moral. Another demotivating factor is that there is no open space to ventilate employees problem to higher authority. This is very difficult for the employees that in one hand there is no way to ventilate their problems to higher authority and on the other hand formal counselling programs are also absent in organizations, ultimately employees are demotivated.

Female candidates have some additional problems for demotivation. One of most important issue mentioned is their pre and post maternity period facilities for their child to come and care after birth support from organizations. Despite emerging facility of child care in some places are still not fully functioning and adequate so that female employees remain distracted in their job, they become puzzled increases abstinence, some leave jobs. Standard child care center supported with care personnel and facilities must be ensured to prevent demotivation in this regard.

In whatever level and position employee have been working in an organization their due respect, well behavior, appreciations of their tasks, very mobilizing motivating factors that enhance employees interest in job and making them passionate toward organization.

But these are not very available in practice in organizations of Bangladesh. This is how others nonfinancial motivational factors have been ignored that causes employees demotivated. (The facts on the ground collected through surveys, observation, interviews.)

RECOMMENDATION

Motivating of one person might not motivate another, and therefore for the best result managers should understand emotional intelligence of employees. A good “work environment” is based on trust and cooperation between management and other personnel. The human resource manager long with other managers has an important role to play and maintain a good working environment.

Knowledge and skill is required to perform the job. Motivation alone is not sufficient. Ability – having perform the job- is also important and is sometimes are also critical to determine performance.

An employee should not only be a salary, wage, etc. earner; he/she should be given the liberty, that is to have a voice or freedom to contribute in the decision making of the organization.

For organizations to achieve effective organizational management there must be a free flow of communication between the employers and the employees in the organization.

High productivity depends on the level of motivation and the effectiveness of the employees. So staff training is an indispensable strategy for motivating workers.

There is no open door to ventilate problem to the higher authority. In one hand, there is no counselling program in the organization, on the other hand, employee cannot open up with their problems. Therefore, the problems become cumulative and complex. So, there should be open door policy in the organization.

CONCLUSION

Motivation is a dynamic force which is essentially mandatory in the era of multifaceted organizational structure with complex human, structural and functional interactions of present modern world. Motivation has it’s numerous elements such as financial, behavioral, psychological, attitudinal and carrier developmental etc. However, it is to be ardently addressed with all it’s elements to top-bottom of human resources depending on organizational capacity, culture and scope. Mentioned dynamics need to be a continuous process for sustainable development of the human resources of the organization and as a whole to achieve the goals of organization to be very efficient and effective.

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