

Non Financial Factors Affecting Employee Motivation: A Survey among Managers of Private Organizations

Mohammad Atwar Rahman¹

Md. Mahbub ul Alam²

ABSTRACT

The study was undertaken to explore the motivational level of managers in private organizations and to identify the non financial factors that influence motivation at work place. A total of 383 managers were approached to collect data using a semi structured questionnaire. Managers at mid and senior levels were interviewed for the purpose of the study. Measure of central tendency, measures of dispersion and measures of association were used as part of descriptive statistics while multiple linear regression was used to find out causal relationship between motivation and factors that influence it. As found in the study, 41% variation in motivation is caused by communication, employees efforts, job rotation, career opportunities, job security, nature of supervision, personal growth and development, conflict resolution approach, working environment, and organization structure. The study also revealed that all these factors, except job rotation and employee effort, are positively correlated with motivation.

INTRODUCTION

Motivating employees is a challenging issue in this competitive, volatile and rapid changing business environment. Need based theories are sometime difficult to apply in motivating employees. At the present context, managers are always in a dilemma which style of motivational approach they should apply to have influence over their employees. Business environment in Bangladesh has changed significantly and thus behavioral change is also remarkably unpredictable especially in private sector. Manager of private sector organizations must have an understanding about the present context and observe all the pitfalls and the changes very carefully to meet the challenges of existing environment. Globalization, information flow through information

¹ Director General, Bangladesh Institute of Management

² Senior Management Counsellor, Research, Evaluation and Publication Division, Bangladesh Institute of Management

technology has been changing peoples' mind, their beliefs, values and approaches towards any issues are so dynamic that managers should look into the phenomena very closely and adopt necessary application to have a motivated work force in an organization. The shift from a manufacturing economy to a services economy from production of goods to production of ideas, and from the machine age to the information age has been accompanied by many transformations. Rather than producing goods, the service firms produce 'ideas'. Organizations in the 'services era', such as software, financial services, and biotechnology firms, depend on 'intellectual capital'. People create 'intellectual capital' and are therefore, the most valuable asset of a firm. Even the environment within which firms conduct business today is very different and much more complex and dynamic when compared to the environment fifteen years ago. Firms no longer compete or operate nationally only. Organizations are no longer governed by the business, legal and political environment of their own nations only. As the world becomes one global playing field, the environmental changes in countries other than the home country of a firm affect business decision and the performance of firms. Several societal and global phenomena have challenged the management of human resources. Thus, changes in the economic, business, social and cultural environments have brought about a transformation in the HR function and the roles and responsibilities of HR professionals.

Thus, it should be a continuous process to analyze the phenomena and to address the mentally constructed variables carefully to grip the situation in favour of present local context especially at organizational level to have motivated workforce to ensure desired performance, exploratory research should be undertaken regularly. There is no debate that financial motivation plays really vital role in performance, but now a day's non financial issues are also playing key role significantly. This study is a modest approach to the non-financial factors in motivating employees in private sector organizations.

LITERATURE REVIEW

Mitchell (1982) defines motivation as psychological processes which cause the stimulation of, persistence and direction to the goal-oriented voluntary activities. Work motivation is a set of external and internal forces that commence the behavior related to work and establish its direction, form, duration and intensity (Pinder, 1998). The definition identifies the effect of the external forces (e.g., nature of the work to be performed, reward system of the organization) and the innate forces of an individual (e.g., motives and needs of a person) on the behaviors related to work.

According to Moorhead and Griffin (1998) employee motivation and ability jointly contribute towards employee performance and the most challenging task of the managers is to motivate employee to execute the utmost of their ability.

Now a day's researchers are more concerned to increase, maintain, enlighten, and refine work motivation. Employee needs and motives have greater importance in the research history of motivation (Maslow, 1954; Alderfer, 1969; McClelland, 1961). In 1970s and in the beginning of 1980s, researchers have paid more consideration to this area but there is less work done by the scholars on employee motivation during last fifteen years (Rajeswari, 2011).

Bruce and Pepitone (1999) propose an interesting viewpoint according to which managers cannot motivate employees; managers can only influence what employees are motivated to do. The role of facilitating quality subordinate-superior communication at various levels effectively employing a wide range of communication channels has been praised by Shields (2007) in terms of its positive contribution in boosting employee morale. Shields (2007) stresses two specific advantages of such a practice that relate to offering employees a chance to raise their concerns and put across their points regarding various aspects of their jobs, as well as, supplying them with the feeling of engagement and appreciation.

According to Lockley (2012) offering training and development programs that effectively contributes to personal and professional growth of individuals is another effective employee motivation strategy. At the same time, Lockley (2012) warns that in order for motivational aspects of training and development initiatives to be increased, ideally they need to be devised and implemented by a third party with relevant competency and experience.

Alternative working patterns such as job-rotating, job-sharing, and flexible working have been branded as effective motivational tools by Llopis (2012). Moreover, Llopis (2012) argues that motivational aspects of alternative working patterns along with its other benefits are being appreciated by increasing numbers of organizations, however, at the same time; many organizations are left behind from benefiting from such opportunities.

An interesting viewpoint regarding the issue has been proposed by Wylie (2004), according to which members of management primarily should be able to maintain the level of their own motivation at high levels in order to engage in effective motivation of their subordinates. Accordingly, Wylie (2004) recommends managers to adopt a

proactive approach in terms of engaging in self-motivation practices. Furthermore, Wylie (2004) recommends concentrating on specific variations of intangible motivational tools such as celebrations of birthdays and other important dates with the participation of whole team

According to Thomas (2009) the main challenge of motivation in workplaces is identifying what motivates each individual employee taking into account his or her individual differences. In other words, individual differences have been specified by Thomas (2009) as the major obstruction for management in engaging in employee motivation in an effective manner.

Lockley (2012), on the other hand, addresses the same issue focusing on cross-cultural differences between employees in particular. Namely, culture can be explained as knowledge, pattern of behaviour, values, norms and traditions shared by members of a specific group (Kreitner and Cassidy, 2012), and accordingly, cross-cultural differences is perceived to be a major obstruction in the way of successful employee motivation.

This point has been explained by Lockley (2012) by insisting that certain practices such as engaging in constructive arguments and dialogues in workplace can prove to be highly motivational for the representatives of Western culture, whereas the same set of practices can prove to be counter-productive for employees from Asian countries due to vast cross-cultural differences.

Llopis (2012) draws attention to the increasing relevance of the work-life balance problem for modern employees and stresses its negative impact on the level of employee motivation. Specifically, Llopis (2012) reasons that unless employees achieve an adequate level of work-life balance in personal level, management investment on the level of employee motivation can be wasted.

This viewpoint is based on Hierarchy of Needs theoretical framework proposed by Abraham Maslow (1943), according to which there is a certain hierarchy for individual needs, and more basic human needs need to be satisfied in order for the next level needs to serve as motivators.

Bartol and Martin (1998) consider motivation a powerful tool that reinforces behavior and triggers the tendency to continue. In other words, motivation is an internal drive to satisfy an unsatisfied need and to achieve a certain goal. It is also a procedure that begins through a physiological or psychological need that stimulates a performance set by an objective.

As compared to financial resources, human resources have the capability to create competitive advantage for their organizations. Generally speaking, employee performance depends on a large number of factors, such as motivation, appraisals, job satisfaction, training and development and so on, but this paper focuses only on employee motivation, as it has been shown to influence to a significant degree the organizational performance. As Kalimullah (2010) suggested, a motivated employee has his/her goals aligned with those of the organization and directs his/her efforts in that direction. In addition, these organizations are more successful, as their employees continuously look for ways to improve their work. Getting the employees to reach their full potential at work under stressful conditions is a tough challenge, but this can be achieved by motivating them.

On the other hand, Mary (1996) explains organizational effectiveness as the extent to which an organization fulfills its objectives, by using certain resources and without placing strain on its members. The goal model defines organizational effectiveness referring to the extent to which an organization attains its objectives (Zammuto, 1982), while the system resource model defines it in terms of the bargaining power of the organization and its ability to exploit the environment when acquiring valuable resources (Yuchtman, 1987).

OBJECTIVES

- To explore the motivational level of managers in private organizations and to identify the non financial factors that influence motivation at work place.

Specific Objectives:

- To measure the level of motivation of managers in the private organizations
- To find out the degree of relationship between motivation and communication, employees efforts, job rotation, career opportunities, job security, nature of supervision, personal growth and development, conflict resolution approach, working environment, and organization structure.
- To explain the causal relationship between motivation and communication, employees efforts, job rotation, career opportunities, job security, nature of supervision, personal growth and development, conflict resolution approach, working environment, and organization structure.

Regression Model:

In line with the objectives mentioned above, the following regression model has been developed:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + b_7X_7 + b_8X_8 + b_9X_9 + b_{10}X_{10} + \dots + u_i$$

Here

Y = Dependent Variable: Level of Motivation. (LOM)

X₁ = Communication and the flow of information (COMFI)

X₂ = Employees Efforts (EE)

X₃ = Job Rotation (JR)

X₄ = Career Opportunities (CO)

X₅ = Job Security (JS)

X₆ = Nature of Supervision (NOS)

X₇ = Personal Growth and Development (PGD)

X₈ = Conflict Resolution Approach (CONRA)

X₉ = Working Environment (WE)

X₁₀ = Organization Structure (OS)

METHODOLOGY

The study was descriptive in nature and a total of 383 managers were approached to collect data using a semi structured questionnaire. Respondents were asked to mark each of the statement using a 5 point likert scale. Managers at mid and senior level were interviewed for the purpose of the study. Measure of central tendency, measures of dispersion and measures of association (correlation) were used as part of descriptive statistics while multiple linear regression was used to find out causal relationship between motivation and factors that influence it. Statistical package for social science (SPSS) was used to analyze data.

DATA ANALYSIS

Descriptive Statistics

Communication and the flow of information: Communication and flow of information is the key to have clear understanding about any context which helps people make decision for future life progression. It has got a sturdy linkage with motivation as it decreases confusion in mind and influence in rationality. For safe journey to any area

communication and flow information is also can be treated as strong resource for a person to go ahead in any destination. Almost 72% managers viewed communication and flow of information as non financial motivational factor.

Employee efforts: Employee motivation is the level of energy, commitment, and creativity that workers bring to their jobs. Whether the economy is growing or shrinking, finding ways to motivate employees is always a management concern. Competing theories stress either incentives or employee involvement (empowerment). Employee motivation can sometimes be particularly problematic for small businesses. The owner has often spent years building a company hands-on and therefore finds it difficult to delegate meaningful responsibilities to others. But entrepreneurs should be mindful of such pitfalls: the effects of low employee motivation on small businesses can be harmful. Such problems include complacency, disinterest, and even widespread discouragement. Such attitudes can cumulate into crises.

But the small business can also provide an ideal atmosphere for employee motivation: employees see the results of their contributions directly; feedback is swift and visible. A smoothly working and motivated work force also frees the owner from day-to-day chores for thinking of long-term development. Furthermore, tangible and emotional reward can mean retention of desirable employees. People thrive in creative work environments and want to make a difference. Ideally the work result itself will give them a feeling of accomplishment—but well-structured reward and recognition programs can underline this consequence. Employee's effort must be recognized in each point of their activities. In this study it has been revealed that 75 percent of managers are of the opinion that employee efforts in all activities should be addressed through proper recognition. Managers should have cognitive ability and intelligence to recognize the effort of the employee in each stage.

Job Rotation: Job rotation exists when employees rotate across many positions, in varying intervals and durations, in order to gain exposure to different roles and functions. When implementing a job rotation program, companies can have employees rotate only within their home department or across positions in many departments. Even though job rotation strategies may not be suitable for all businesses, strategies that are implemented across lower-level and less specialized positions provide many advantages to businesses and employees. The first advantage of job rotation is burnout reduction. When employees perform the same job functions each day without variation, they are likely to experience greater feelings of fatigue, apathy, boredom, and carelessness. Burnout is detrimental to businesses because it tends to promote decreased productivity, increased absenteeism, and increased likelihood of turnover,

which all lead to organizational dysfunction. However, when employees rotate across different positions regularly, they experience less boredom, greater task variety, and decreased feelings of needless repetition.

The second advantage of job rotation is increased employee satisfaction. Business owners know that when employees are not satisfied with professional endeavors, they feel demotivated, unhappy, and irritated, which are detrimental to productivity. However, by allowing employees to engage in job rotation, employees are likely to experience greater satisfaction by identifying strengths and weaknesses. Furthermore, employees are able to test many positions and subsequently focus on rotating between positions that enhance performance capacity, which increases their sense of worth and importance within the company. In this study, over 67 percent respondents believe that job rotation play a nonfinancial motivational tools for the employee.

Career Opportunities: Career advancement is one of the most important elements for employee satisfaction and retention at a company. At times when career paths were clear, individuals tended to be more motivated, with tangible goals to work towards. At times when career paths were dim or nonexistent, individuals tended to be less motivated, less focused, more uncertain. That's why it makes good business sense for organizations of all sizes to spend time developing and maintaining thoughtfully structured career path systems. Over 73 percent of the respondents are of the opinion that career opportunities are a factor that influences motivational status of an employee.

Job Security: Motivating factors can make an organization successful -- or destroy it. The pinnacle motivational factor for employees is job security. That also means the lack of job security is most likely to wreak havoc with a company's employee retention. Almost 70 percent of the respondents agreed that job security has an influence among other factors in motivating employees.

The Nature of Supervision: The concept of supervision has expanded. The modern supervisor is concerned with getting things done through motivated worker. Supervisor must know and practice principles of good management. He must also apprise the subordinates with an aim of helping them to grow and develop. Unfortunately it has been observed that manager most like to in favour of close supervision, mostly refer to control the performance. In this survey the respondents were asked regarding the nature of supervision and majority of them (76.5%) are of the opinion that nature of supervision is a matter to consider as a motivational factor.

Personal Growth and Development: Personal development involves mental, physical, social, emotional, and spiritual growth that allows a person to live a productive and satisfying life within the customs and regulations of their society. This is achieved through the development of life skills.

These life skills, skills necessary for successfully living a productive and satisfying life, generally fall into one of several categories: feeling about self, intimacy, family, friends, community, job, leisure, and spirituality. They include being able to recognize and describe one's feelings, giving and receiving feedback, recognizing assumptions, setting realistic and attainable goals, and employing problem-solving strategies.

Increased personal growth and development is the goal of a wide range of men and women. It includes those who suffer from problems in their relationship with others, or who suffer emotionally with feeling of low self-esteem, anxiety, or depression. It also includes individuals who are marginally successful or even very successful in life, but who want to improve their efficiency, their ability to be and feel intimate and relate to others, , and/or their general level of satisfaction with, and enjoyment of, living.

Nearly 68.9% of the managers felt that Personal Growth and Development is a strong non-financial motivational factor for the employee.

Conflict Resolution Approach: Conflicting situation is very natural phenomena in any organization but how the organization dealing with that matter to the employees. Due to unclear communication, ambiguity in policies, misunderstanding, deceptive interpretations, confidentiality, availability of documents in time and many others underneath reasons creates conflicting situation which demotivates employees. Sometimes employees are in a confusing situation and felt insecure in their job as well as perform below average.

In this study, 75% of the respondents express positive response that conflict resolution approach at organizational level is a factor that affects motivation.

Working Environment: In today's competitive market, especially in private sector, it is important to retain good employees by creating an environment that motivates them to perform better. A motivated employee is eager to perform even under pressure. Employees really require motivation on a day-to-day basis. The intrinsic factors to maintain the enthusiasm of an employee and a congenial environment of physical, mental, social, is essential to have motivated performer in the organization.

The work environment can be thought of, simply, as the environment in which people work. As such, it is a very broad category that encompasses the physical setting (e.g.

heat, equipment), characteristics of the job itself (e.g. workload, task complexity), broader organizational features (e.g. culture, history) and even aspects of the extra organizational setting (e.g. local labour market conditions, industry sector, work-home relationships). However, not all aspects of the work environment are equally important or indeed relevant when considering the psychological environment, and how this environment affects employee motivation.

In humans, light has potent biological and therapeutic effects. Light also suppresses melatonin secretion, modulate the release of serotonin, shifts the circadian rhythms according to a phase response curve and is necessary to synchronize circadian rhythms in humans. Bright light and the deprivation of it can affect the internal biological clock, sleeping patterns, and energy levels. Sensitive individuals may notice changes in their mood associated with the doses of sunlight exposure, such that they may feel gloomy during long stretches of cloudy winter days and experience mood improvement on sunny summer days.

There are established correlations between a high level of occupational stress and a wide range of mental health problems. Recently, several longitudinal studies reported the important role of psychological work stress in developing clinically diagnosed mood disorders.

Every worker has relationships with others, whether these are supportive, neutral, or full of conflicts. The social environment at work can predict the prevalence and severity of depression in most occupational groups. The level of social support can modulate the effect of work stress on depression.

In response to the statement on working environment, a quite significant number of respondents 298 (78%) out of 383 managers, felt that other than financial motivators, this variable influences employees very profoundly.

Organization Structure: There have been many factors that had affected the process of management, more specifically in the part of the human resource management. Organizational structure can be define that the way or method that an organization chooses to arrange its people as well as the different responsibilities and roles that will enable the work to be done that will eventually help to meet the goals.

All organizations have an organizational structure, or a hierarchy that explains the relationship between management and employees. The best way to understand a company's organizational structure is to look at an organizational chart, a graphic that depicts the hierarchy by placing managing departments or people above their subordinates. There are many ways in which a small business can organize its structure, but some lend themselves to motivation more than others.

There is an inverse relation between the span of control and the number of levels in hierarchy in an organization, i.e., narrower the span, the greater is the number of levels in an organization.

Narrow span of control is more expensive as compared to wide span of control as there are more number of superiors and therefore there are greater communication problems between various levels of management. Wide span of control is best suited when the employees are not widely scattered geographically, as it is easy for managers to be in touch with the subordinates and to supervise them.

In case of narrow span of control, there are comparatively more opportunities for growth as the number of levels are more. The more efficient and organized the superiors are in performing their tasks, the better it is to have wide span of management. The less motivated and confident the employees are, the better it is to have a narrow span of management so that the supervisors can spend time with them and supervise them well. The more standardized is the nature of work, like - if same task can be performed using same types of inputs, the better it is to have a wide span of management as more number of employees can be supervised by a single supervisor. There is more flexibility, prompt decision making, effective communication between higher level and lower level management, and improved customer interaction in case of wide span of management. Technological advancement such as internet, emails, mobile phones, etc. makes it easy for superiors to widen their span of control as there is more effective communication.

An ideal span of control according to modern authors is around 15 to 20 subordinates per manager, while according to the traditional authors the ideal number is around 6 subordinates per manager. In reality, the ideal span of control depends upon various factors, such as: nature of an organization, nature of job, skills and competencies of manager, employees' skills and abilities, the kind of interaction that takes happens between superiors and subordinates, etc

However organization structures greatly influence in motivating managers and it affects employee motivation to many extents. In response to the statement nearly 70% (268 respondents) agreed that this variable is remarkably a factor that contributes to employee motivation.

Level of Motivation: Surveyed respondents were asked regarding the both intrinsic and extrinsic level of motivation. Over 71 percent respondents are of the opinion that they are motivated to some extents considering different factors of motivation.

Correlation Analysis

	COMFI	EE	JR	CO	JS	NOS	PGD	CONRA	WE	OS	LOM
COMFI	1										
EE	.261**	1									
JR	.220**	.096	1								
CO	.168**	.273**	.290**	1							
JS	.416**	.351**	.227**	.345**	1						
NOS	.342**	.338**	.245**	.322**	.300**	1					
PGD	.218**	.218**	.290**	.159**	.351**	.390**	1				
CONRA	.181**	.167**	.056	.287**	.015	.270**	.181**	1			
WE	.146**	.184**	.183**	.309**	.144**	.372**	.334**	.193**	1		
OS	.108*	.106*	.057	.136**	.222**	.268**	.055	.204**	.164**	1	
LOM	.301**	.331**	-.067	.198**	.159**	.190**	.330**	.162**	.366**	.297**	1

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

Correlation is significant at the 0.05 level (2-tailed).*

Regression Analysis

A regression model has been developed for the purpose of this study. A total of 10 independent variables were included in the unrestricted model and finally, using the stepwise regression method, 9 independent variables were found to be significant in the restricted model.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.642 ^a	.413	.397	.13273

a. Predictors: (Constant), Organization Structure, Personal Growth and Development, Career Opportunities, Communication and the flow of information, Conflict Resolution Approach, Employees Efforts are Valued, Job Rotation, Working Environment, Nature of Supervision, and Job Security.

The unrestricted model summary shows that the value of r square is .41 i.e. 41% variation of dependent variable is explained by the independent variables that are included in the model. All the independent variables are well correlated with dependent variable (R = .642).

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.603	10	.460	26.129	.000 ^b
	Residual	6.554	372	.018		
	Total	11.157	382			

a. Dependent Variable: Level of Motivation

b. Predictors: (Constant), Organization Structure, Personal Growth and Development, Career Opportunities, Communication and the flow of information, Conflict Resolution Approach, Employees Efforts are Valued, Job Rotation, Working Environment, Nature of Supervision, and Job Security.

The above ANOVA table shows that the sig value of the model is .000 i.e. the nul hypothesis (H_0) is rejected that means the model is hundred percent significant

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.103	.044		2.353	.019
Communication and the flow of information	.283	.045	.290	6.279	.000
Employees Efforts	.223	.042	.238	5.329	.000
Job Rotaion	-.229	.039	-.255	-5.825	.000
Career Opportunities	.129	.044	.139	2.908	.004
Job Security	-.138	.037	-.189	-3.691	.000
Nature of Supervision	-.187	.049	-.189	-3.782	.000
Personal Growth and Development	.280	.041	.323	6.756	.000
Conflict Resolution Approach	-.059	.041	-.065	-1.460	.145
Working Environment	.206	.039	.239	5.268	.000
Organization Structure	.303	.046	.284	6.629	.000

The regression coefficient table shows that the value of the undstandardize coefficient (B) of variable communication and information flow is .283 i.e. 100% increase in communication and information flow will lead to 28% increase in level of motivation.

In case of variable employee effort the undstandardize coefficient (B) is .223 that means 100% change in employee effort i.e. if employees efforts are recognized and properly valued will lead to 22% increase in level of motivation.

The undstandardize coefficient (B) of variable Job Rotation is -.229 i.e. 100% increase in Job Rotation will lead to 22% decrease in level of motivation.

The undstandardize coefficient (B) of the variable career opportunities is .129, which means 100% change in career opportunities will lead to 12% change in level of motivation.

In case of variable job security undstandardize coefficient (B) is -.138, i.e. 100% change in job security will lead to 13% decrease in level of motivation.

The undstandardize coefficient (B) is -.187 for the variable nature of supervision, which means 100% change in nature of supervision will lead to 18% decrease in level of motivation.

For the variable personal growth and development the undstandardize coefficient (B) is .280 which means 100% change in personal growth and development will lead to 28% increase in level of motivation.

In case of variable working environment the undstandardize coefficient (B) is .206, i.e. 100% change in working environment will lead to 20% increase in level of motivation.

The undstandardize coefficient (B) is .303 for the variable organization structure. In this case, 100% change in organization structure will lead to 30% increase in level of motivation.

In case of variable conflict resolution approach is found to be insignificant (p value - .145)

CONCLUSION

Apparently it seems that motivating employee is a simple function of manager in books but in practice it is really a challenge for managers. Usually manager considers monetary factor plays main contribution in motivating employees. But having reasonable pay structure expected performance is not visible from the employees. Non financial factors are significantly contributing to motivation of employee. In this study it is seen that communication, employees' efforts, job rotation, career opportunities, job security, nature of supervision, personal growth and development, working environment, and organization structure are strong motivators. Based on standardized coefficient, non-

financial factors i.e. personal growth and development, communication and the flow of information, organization structure, working environment, recognition of employee's efforts should be given priority respectively in motivating employees.

REFERENCES

- Argyris, C. (1980), 'Some Limitations of the Case Method: Experiences in a Management Development Program'. *Academy of Management Review* 5(2)
- Bartol, K.M. and Martin, D.C. (1998), *Management*, McGraw Hill, New York
- Bennis, W. (1989). *On becoming a leader*, New York: Addison-Wesley Publishing Company
- Boldman, L. G and Deal, T. E. (2003), *Reframing Organization: Artistry, Choice, and Leadership*, 3rd Edition
- Bruce, A. Pepitone, J.S. (1999), *Motivating Employees*, McGraw-Hill International
- Kreitner, R. & Cassidy, C. (2012) "Management" *Engage Learning*, Jossey-Bass Press, San Francisco
- Ford, L. (2005), *Transform your workplace: 52 proven strategies to motivate, energize, and kick productivity up to the next level*, Mc Graw Hill, New York
- Hersey, P., Blanchard, K.H., Johnson, D.E. (2003), *Management of organizational behavior. Leading human resources*, 8th edition Upper Saddle River: Prentice Hall
- Herzberg, Frederick (January-February 1964). *The Motivation-Hygiene Concept and Problems of Manpower*. *Personnel Administrator* (27)
- Homans, G.C. (1958), *Social Behavior as Exchange* *The American Journal of Sociology*, Vol. 63, No.6
- Kamalian, A. R., Yaghoubi, N. M., & Moloudi, J., (2010), 'Survey of Relationship between Organizational Justice and Empowerment (A Case Study)', *European Journal of Economics, Finance and Administrative Sciences*, vol 24
- Llopis, G. (2012) "The Top 9 Things That Ultimately Motivate Employees to Achieve" *Forbes*, April 6, 2012
- Lockley, M. (2012) "The Secret to Motivating a Team" *The Guardian*, January 6, 2012
- Maslow, A.H. (1943), 'The Theory of Human Motivation' *Psychological Review*, 50(4)

McGregor, D and Cutcher-Gershenfeld, J. (2006). The human side of enterprise, annotated edition. New York: McGraw Hill.

O'Sullivan, M., Lazonick, W. (1996), 'Organization, Finance and International Competition', Industrial and Corporate Change, 5-1

Shields, J. (2007) Managing Employee Performance and Reward: Concepts, Practices, Strategies, Oxford University Press

Thomas, K.T. (2009), Intrinsic Motivation at Work: What Really Drives Employee Engagement, 2nd edition, Berrett-Koehler Store

Tietjen, M. A. and Myers, R. M. (1998), 'Motivation and job satisfaction', Management Decision, vol. 36, no 4

Yuchtman, E., and Seashore, S. E., (1987), A system resource approach to organizational effectiveness. American Sociological Review, 32

Zammuto, R. F., (1982), Assessing Organizational Effectiveness, State University of New York Press, Albany, NY.

Widespread Progress of Bangladesh: An Analysis (Focusing Achievements in MDGs and HDIs)

Mohd. Shahadt Hossain Mahmud, PhD¹

INTRODUCTION

Bangladesh is a densely populated least developed country prone to natural disaster and political turmoil. This country is classified as a Next Eleven emerging market and one of the Frontier Five. Despite the country is frequently facing huge damage almost in every year due to the occurrence of natural disaster and negative consequences of the political unrest, has made outstanding progress in the achievements of MDGs and HDIs. Bangladesh has already met several targets of the MDGs like reducing headcount poverty and poverty gap ratio, reducing the prevalence of underweight children, attaining gender parity at primary and secondary education, under-five mortality rate reduction, containing HIV infection with access to anti retroviral drugs etc. Moreover, the country has made remarkable progress in, increasing enrolment at primary schools, lowering the infant mortality rate and maternal mortality ratio, improving immunization coverage and reducing the incidence of communicable diseases.

PROGRESS IN GDP AND PER CAPITA INCOME

According to a recent opinion poll, Bangladesh has the second most pro-capitalist population in the developing world. This country, between 2004 and 2014, averaged a GDP growth rate of 6%. The economy is increasingly led by export-oriented industrialization. The Bangladesh textile industry is the second-largest in the world. Other key sectors include pharmaceuticals, ship building, ceramics, leather goods and electronics. Being situated in one of the most fertile regions on Earth, agriculture plays a crucial role, with the principal cash crops including rice, jute, tea, wheat, cotton and sugarcane. Bangladesh ranks fifth in the global production of fish and seafood. Remittances from the citizens living abroad provide vital foreign exchange. Its telecoms industry has witnessed rapid growth over the years and is dominated by foreign investors. The government has emphasized the development of software services and hi-tech industries under the **Digital Bangladesh** scheme. Bangladesh has substantial reserves of natural gas and coal; and many international oil companies are involved in production and exploration activities in the Bay of Bengal. In 2015, its per-capita income stood at USD 1,314.

¹ Director – Administration, Bangladesh Institute of Management

ACHIEVEMENTS IN MDGS

Bangladesh has made admirable progress in respect of attaining MDGs as portrayed below:

Goal 1 (Eradicate Extreme Poverty and Hunger): Bangladesh has sustained a GDP growth rate of 6 percent or above in recent years that has played a positive role in eradicating poverty. Inclusive growth has resulted in impressive poverty reduction from 56.7 percent in 1991-92 to 31.5 percent in 2010; the rate of reduction being faster in the present decade than the earlier ones. The latest HIES 2010 data show that the incidence of poverty has declined on an average 1.74 percentage points in Bangladesh during 2000 to 2010 against the MDG target of 1.20 percentage points. Bangladesh has already met Goal-1 by bringing down the poverty gap against 2015 target of 8.0.

Goal 2 (Achieve Universal Primary Education): Significant progress has been made in increasing equitable access in education (NER: 97.7 percent), reduction of dropouts, improvement in completion of the cycle, and implementation of a number of quality enhancement measures in primary education. Bangladesh has already achieved gender parity in primary and secondary enrolment. Initiatives have been taken to introduce pre-school education to prepare the children for formal schooling.

Goal 3 (Promote Gender Equality and Empower): Women Bangladesh has already achieved the targets of gender parity in primary and secondary education at the national level. This positive development has occurred due to some specific public interventions focusing on girl students, such as stipends and exemption of tuition fees for girls in rural areas, and the stipend scheme for girls at the secondary level. Here Government is committed to attaining the objective of CEDAW, Beijing Platform for Action and MDGs in conformity with the fundamental rights enshrined in the Constitution and has adopted the National Policy for Women's Development (2011) and a series of programs for ensuring sustainable development of women.

Goal 4 (Reduce Child Mortality): Bangladesh is on track in meeting the target measured in three different indicators like under 5 mortality rate, infant mortality rate and immunization against measles. The under 5 mortality rate was 151 per 1000 live birth in 1990 which has come down to 41 in 2013 and thereby achieving the MDG target before the stipulated time. Likewise, the infant mortality rate was 94 per 1000 live birth in 1990 which has reduced to 32 in 2013. The successful programs for immunization and Vitamin-A supplementation are considered to be the most significant contributors to the decline in child mortality.

Goal 5 (Improve Maternal Health): The Maternal Mortality Ratio (MMR) in Bangladesh in the 1990/91 was 574 per 100,000 live birth, which was one of the highest in the world. According to Bangladesh Maternal Mortality Survey (BMMS), maternal mortality declined from 322 in 2001 to 194 in 2010, which is 40 percent decline in nine years. The average rate of decline from the base year has been about 3.3 percent per year, compared with the average annual rate of reduction of 3.0 percent required for achieving the MDG in 2015.

Goal 6 (Combat HIV/AIDS, Malaria and Other Diseases): Bangladesh has performed well in halting communicable diseases under this goal. Available data show that the prevalence of HIV/AIDS in Bangladesh currently is less than 0.1 percent and thus is still below an epidemic level. The country also achieved a significant improvement in the reduction of malarial deaths in the country over the years. The prevalence of malaria per 100,000 population was 776.9 in 2008, which has come down to 433.9 in 2014. The MIS data show that the proportion of children under 5 sleeping under insecticide-treated bed nets in 13 high risk malaria districts was 81 percent in 2008 which has increased to 92.2 percent in 2014.

Goal 7 (Ensure Environmental Sustainability): Bangladesh has achieved a significant progress towards this goal by familiarizing its social forestry campaign, which ensures its coverage of 13.40 percent of land with trees. Since 1991, there has been a steady increase in CO₂ emission in Bangladesh because of increasing development interventions and activities. But Bangladesh by adopting various initiatives Bangladesh becomes successful in protecting the emission of CO₂ within the expected limit. Apart from this Bangladesh already ensured 97.9 percent success in using improved/safe drinking water; 55.9 percent in using improved sanitation in 2012-13.

Goal 8 (Develop a Global Partnership for Development): Bangladesh attained a significant success with regarding this goal. For instance, during the last twenty four years, Bangladesh, on an average, received US\$ 1.74 billion ODA per year. The Government of Bangladesh has taken up plans to ensure universal access through harmonious development of telecommunication network and building a well-developed, strong and reliable telecommunication infrastructure for effective implementation of its ICT policy and ultimately for complementing the 'Vision 2021' of the government.

ACHIEVEMENTS IN HDIS

Bangladesh achieved noteworthy progress in various indicators of Human Developments. The 2014 HDI report said Bangladesh scored 0.570 on the index with 70.7 years of life expectancy at birth, average per capita education of 5.1 years and

\$2,713 per capita gross national income (GNI). Here, Gender parity has been achieved in primary and secondary school enrollment. The total fertility rate has fallen from 3.4 to 2.3. The newly introduced Gender Development Index (GDI) compares the HDI calculated separately for women and men. Bangladesh has been ranked 107th in this index well ahead of India (rank 132) and Pakistan (rank 145). The GDI shows that Bangladesh has made the maximum progress in South Asia in reducing gender discrimination. Progress of Bangladesh in HDI during 2000 to 2014 is shown in the below table:

Year	HDI Points	HDI Ranking
2014	0.570	142
2013	0.558	142
2012	0.554	143
2011	0.549	141
2010	0.539	143
2008	0.515	134
2005	0.494	133
2000	0.453	126

CONCLUSION

Owing to the above discussions, we can rightly claim that Bangladesh has achieved commendable progress in HDI, MDGs and other Macroeconomic Indicators. The country is on the cusp of becoming a middle-income country as its per capita income rose to \$1,314 in 2015. We are dreaming to be a middle-income nation by 2021, when the country will celebrate its 50th year of independence. However still we need our greater attention in employment generation, completion of primary schooling and quality education at all levels, creation of decent wage employment for women, increase in the presence of skilled health professionals at delivery, increase in correct and comprehensive knowledge on HIV/AIDS, increase in forest coverage, and coverage of Information and Communication Technology

REFERENCES

<http://countryeconomy.com/hdi/bangladesh> visited on 21.03.2016

<http://www.thedailystar.net/business/bangladesh-close-mid-income-status-82293> visited on 20.03.2016)

http://www.un-bd.org/Docs/Publication/MDGs-Bangladeh-Progress-Report_PDF_Final_September-2015.pdf visited on 20.03.2016

Employee Counseling: Bangladesh Perspective

Dr Praveen Ahmed¹

ABSTRACT

To maintain a reasonable emotional balance and channel employees emotions along constructive lines so that employee will work together effectively, counseling is a useful tool to help accomplish this goal. But counseling is more or less absent in Public Organizations of Bangladesh. This study identifies the problems due to absence of counseling and recommends the possible solutions so that the effective counseling program can be introduced in the public organizations of Bangladesh.

Key words: Counseling, Emotion, Stress, Organizational performance.

INTRODUCTION

Emotions are a normal part of life, but they can get out of control and cause employees to do things that are harmful to their own best interests and to those of the organization. Sometimes employees may leave the organization because of a trifling conflict that seems large to them, or they may undermine morale in their departments. Managers want their employees to maintain a reasonable emotional balance and channel their emotions along constructive lines so that everyone will work together effectively. Counseling is a useful tool to help accomplish this goal.

OBJECTIVES

The field of the study is public organizations of Bangladesh. Objective of the study is to identify the problems due to absence of counseling and to recommend the possible solutions so that the effective counseling program can be introduced in the public organizations of Bangladesh.

LITERATURE REVIEW

(David and Stephen 2005) Counseling is the discussion of a problem with an employee, with the general objective of helping the worker cope with it.

The purpose of counseling is to help employees either resolve or cope with the situation so that they can become more effective persons. (Price 2007) The basic theory supporting counseling is that stress and personal problems are likely to affect both

¹ Director – Training (Additional Charge), Bangladesh Institute of Management

performance and an employee's general life adjustment; therefore, it is in the best interests of all those concerned (employer, employee, and community) to help the employee, return to full effectiveness.

Counseling Programs:

Counseling programs usually are administered by the human resource department, which uses various combinations of in-house and external counseling services.

(Ivancevich 2004) Large organization often employ their own Counseling staff. Some are full time counselors, while others may be part-time counselors in the community who are available on the organization premises for certain hours during the week. Other organizations refer most problems to community agencies, even though there may be an in-house counselor who coordinates the program. If the employer is located in a large city, expert community counseling services usually are available, so both large and small organizations tend to use them. (Dessler and Varkkers 2009) Community services are especially useful to smaller organization that would be unable to employ a full time counselor.

Characteristics of Counseling:

- ❖ Requires two people, a counselor and a counselee.
- ❖ Is an act of communication.
- ❖ Helps employees cope.
- ❖ Reduces employee problems and emotional upsets.
- ❖ Improves organizational performance.
- ❖ Helps organization be more human and considerate.
- ❖ Performed by both professionals and nonprofessionals.
- ❖ Involves both job and personal problems.
- ❖ Is confidential and private.

Counseling Functions

Counseling functions are the activities performed by counseling, such as:

- ❖ **Advice.** Counselors often give advice to counsees in order to guide them toward desired courses of action.
- ❖ **Reassurance:** The counseling experience often provides employees with reassurance, which is confidence that they are following a suitable course of action and have the courage to carry it out.
- ❖ **Communication:** Counseling is a communication experience. It initiates up ward communication to management and also gives the counselor an opportunity to interpret management problems and give work insights to employees.

- ❖ **Release of emotional tension:** People tend to get emotional release from their tensions when they have an opportunity to discuss their problems with some one else.
- ❖ **Clarified thinking:** Serious discussion of problems with someone else helps to a person think more clearly.
- ❖ **Reorientation:** Reorientation involves a change in an employee's basic self through a change in goals and values. Professional counseling by psychologists and psychiatrists often helps employees reorient their values. For example, a better self-image helps a person to be more effective. It is said, Self-image "The person you see in yourself is the person you will be."

Types of Counseling

(Noe, Hollenbeck, Gerhart and wright 2004) There are three types of counseling. Namely -

- Directive counseling
- Nondirective counseling
- Participative counseling

Directive counseling:

Directive counseling is the process of listening to an employee's problems, deciding with the employee what should be done, and then telling and motivating the employee to do it. Directive counseling mostly accomplishes the counseling function of advice.

Nondirective counseling:

Nondirective, or client-centered, counseling is at the opposite end of the continuum. It is the process of skillfully listening and encouraging a counselee to explain bothersome problems, understand them, and determine appropriate solutions. It focuses on the counselee rather than on the counselor as judge and adviser; hence it is "client-centered." Some variation of such counseling usually is practiced by professional counselors.

Professional counselors often accomplish four of the six counseling functions. Communication occurs both upward and downward through the counselor. Emotional release takes place, even more effectively than with directive counseling, and clarified thinking tends to follow. The unique advantage of nondirective counseling is its ability to encourage the employee's reorientation. It emphasizes changing the person, instead of

dealing only with the immediate problem in the usual manner of directive counseling. Here is the way nondirective counseling typically works.

Participative counseling

Nondirective counseling by employers is limited because it requires professional counselors and is costly. Directive counseling often is not accepted by modern, independent employees. This means that the type of counseling used by many supervisors and personnel department employees is between the two extremes of directive and nondirective counseling. This middle ground is called participative (or cooperative) counseling because the counselor and the counselee participate in discussing a problem and developing a possible solution. Participative counseling is a mutual counselor-employee relationship that establishes a cooperative exchange of ideas to help solve an employee's problems. It is neither wholly counselor-centered nor wholly counselee-centered. Rather, the counselor and counselee use mutual discussion to apply their different knowledge, perspectives, and values to problems. Participative counseling integrates the ideas of both participants in the counseling relationship. It is, therefore, a balanced compromise that combines many advantages of both directive and nondirective counseling while throwing off most of their disadvantages. It also is best fitted to the skills of most company people who counsel employees.

Participative counseling starts by using the listening techniques of nondirective counseling; but as the interview progresses, participative counselors may play a more active role than a nondirective counselor does. They may offer bits of information and insight. They may discuss the situation from their broader knowledge of the organization, thus giving an employee a different view of the problem. In general, participative counselors apply the four counseling functions of reassurance, communication, emotional release, and clarified thinking.

MOTHODOLOGY

At the beginning of the study a literature review has been done. Focusing on the main objective a survey has been carried out. Total sample number was 100. Officers are included in the sample of this study. In the research both primary and secondary data were used. This survey includes the issues concerning, what are the personnel policies? How the counseling program is working? What type of counseling are there? To collect sample, officers at various levels were given a structured questionnaire. There are 20 questions in the questionnaire. 1-8 are related to personal information of the respondents. From No.9-20 are counseling related questions. Among the sample 30 candidates are interviewed. This study also included discussion with persons who are

already working or interested to work in the organization to understand the factual situation of the counseling. As a result possible in-depth analysis of the issue has been revealed in this study. It is notable that in some cases respondents did not provide any required documents.

FINDINGS AND RECOMMENDATION

Human Resource (HR) department is responsible for counseling. But unfortunately there is no existence of HR department in most of the public organizations in Bangladesh. Although Administration or personnel division of public organizations carry out the personnel functions but they never address counseling. Moreover there are no counseling services in the community. As a result, counseling is virtually absent in the public organizations in Bangladesh. In some cases the issue addressed by the supervisors in the form of advise, which is not always acceptable to the employees and not effective as well. Therefore, all public organizations should have HR department where there should be a formal counseling program. In the larger organizations it is worthy to appoint full time counselors. Considering the expenditure the smaller and other organization may higher or engage this counselor on part time basis.

Counseling is an act of communication. But there is no open door to ventilate problem to the higher authority. In one hand there is no counseling 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.

At the entry level usually employee avail the lower grade salary. Naturally his/her initial salary comparably seems poor. While he or she came to know about the others salary of different levels, subsequently employee gets depressed. This deportation gradually make the employee demotivated. Although the circumstance are not unjustified but psychological factors are to be acknowledged by the supervisors. In this particular issue it will be worthy to explain the employee about the similar entry level status of salary of the seniors at the time of their entry. Once this will proactively discussed and explained to the employee this will help the employee to understand the reality. Thus employee will have a feeling of relive and subsequently he will also look for the future prospect regarding his salary and other benefits. In this way the entry level employee can be motivated and their depression would be overcome.

In case of female employee another issue of stress and demotivation is associated with pregnancy, post pregnancy period and taking care of child. Although now a days there is

a acceptable provision of maternity leave but socio economic structure of the county is not suitable enough to manage child care in family and in office. For example a good many mother do not get any support in the family to take care of her child while she is engaged in a job. At the same time there is hardly any standard child care centers available in the Community to cope with the situation. Similarly most of the working places do not have any day care provision. All together this remain a stressing issue for a working mother. Naturally she cannot concentrate both to her family and work. This imbalance makes her demotivated, frustrated. This situation lead to abstinence and ultimately employee leave the job. As because the significant portion of our population-female, in true sense, they cannot participate in the development process. Some child care center in the Community as well as working place, necessary financial support for the child take care period and suitable working schedule (flexi hour) etc. should be ensured. Positive psychological and social support from the colleagues and supervisors would be helpful and productive for the women employee.

If any chronic problem persist with the employee that leads the employee gradually to be frustrated, in many cases employee become even educated. As a consequence employee become apathetic to his job, organization and prepares to leave the organization. For example this frequently happens when an employee is debarred from his deserving promotion. To prevent such situation employee should be provided their dues of any kind. If any justified delay or any injustice to meet the employees due in both the cases he or she must be transparently explained the situation and should be counseled properly.

In case of training, many candidates are apathetic to take part in the training programme. Even they do not have any drive to apply acquired knowledge in their job. They also take the training program only as a part of their job responsibility. As a result, once the training program is finished they do not even think of its impact. These are the psychological barriers of employee and failure of the supervisors to make the training programs primitive. So the employees perception regarding training become repulsive than to attractive. Training programme should be applied; understandable contemporary, circumstance oriented, and employee would have to be counseled about the benefit and impact of training in his or her personal life and in organization.

Performance appraisals in our country often lead to demotivated for the deserving candidates as well as the undeserving candidates because of lack of practice of justified process. Very frequently nepotism, favoritism and influence become the determining factors of employee appraisal. To overcome the mentioned problem there is ample scope to practice counseling by the supervisors. To prevent irregularities for the appraisal, supervisors should have honesty, justice and high moral.

Employees who are going to retire they should also be under counseling, but in our country there is no such practice. During retirement the employee becomes vulnerable psychologically and physically. They have some feeling of insecurity and subconsciously stress is built within them. Therefore, they should be counseled that their retirement is nothing but a natural phase of service life and beyond employees existing job he or she is potential to do many other things after retirement. This will bring a positive attitude in employees mind and definitely it will help him or her to maintain a better life.

Some employees in the organization remain as a problem child. Even after giving them punishment they usually do not change their attitude towards the norms values and culture. In these cases counseling will be much more effective than other methods.

Conventionally counseling is a matter of privacy. But in practice this privacy is hardly maintained. In case of unhealthy relation between counselor and counselee and if there is any competition between them then, the counselor discloses and exploits the privacy of the counselee. As a result, employees lose their trust on counseling. So counselor should be trust worthy, he/she should maintain privacy at any cost.

CONCLUSION

Counseling helps organizations to be more human and considerate. As because counseling deals with employee problems, so employee become more cooperative, worries less about personal problems, or makes progress in other ways. It is expected that if the above mentioned problems are addressed then the public organizations of Bangladesh will attain necessary counseling programs which will benefit employees for enhancing organizational performance.

REFERENCE

- Deconzo, A David and Robbins P Stephen (2005), Fundamentals of Human Resource Management, John Wiley and Sons (ASIA) pte. Ltd., Singapore
- Dessler Gary and Varkkers Biju (2009), Fundamentals of Human Resource Management Content, Competencies, and Applications, Dorling Kindersley Pvt. Ltd., India.
- Ivancevich, M John (2004), Human Resource Management, McGraw-Hill Companies, New York
- Noe, A Roymond, Hollen beck RJohn, Gerhart Barry and wright M Patrick (2004), Fundamentals of Human Resource Management, The McGraw-Hill Companies, Inc. New York
- Price Alan (2007), Human Resource Management in a Business context, cengage learning India Private Limited, New Delhi

The Effects of Self Efficacy on Organizational Commitment: A Survey on Junior Executives Working in the Private Sector of Bangladesh

Akhund Ahammad Shamsul Alam¹

ABSTRACT

This study was conducted to measure the level of self efficacy and its impact on organizational commitment. Data was collected using the “General Self-Efficacy Scale (GSE)” developed by Jerusalem & Schwarzer (1979) and the “Organizational Commitment Scale” developed by Allen and Meyer (1997). A total of 284 junior executives working in the private sector of Bangladesh took part in the survey during August-September 2015. Measures of central tendency, dispersion and association have been used as part of descriptive statistics while multiple linear regression analysis has been used to identify significant predictors of organizational commitment. According to the study, the respondents perceived level of self-efficacy is moderate (mean=2.72 on the scale of 5) following slightly above average levels of organizational commitment (mean=4.09 on the scale of 7). The study also reveals that self-efficacy has a positive effect on affective commitment as well as normative commitment. However, it is found that self-efficacy had no effect on continuance commitment.

Keywords: Self-efficacy, Organizational Commitment, Affective Commitment, Normative Commitment, Continuance Commitment.

INTRODUCTION

Private sector has been playing a significant role in the economic development of Bangladesh. The sector’s contribution to growth became more prominent in the 1990s, with steady growth in the production and export of ready-made garments (RMG), textiles, knitwear, and frozen foods such as shrimp. The sector is driving innovation and growth in many other sectors which have traditionally been dominated by government institutions: Education, Power Generation, Airlines, Healthcare, Television, Infrastructure, etc. According to Bangladesh Bureau of Statistics (BBS), the total investment of GDP in FY2014-15 was 28.97 percent out of which 22.07 percent came from the private sector. However, even though the sector is growing rapidly, it is still facing a number of significant challenges in order to ensure high organizational

¹ Senior Management Counsellor, Human Resource Management Division, Bangladesh Institute of Management

commitment and hence higher productivity. Low self-efficacy, which may lead to low organizational commitment, is one of the challenges many managers face in this regards.

After doing rigorous literature review, it is found that there are many studies in different countries which investigated the relationship between self-efficacy and organizational commitment (affective commitment, normative commitment and continuance commitment). As the private sector has been the main engine of economic growth and employment generation in Bangladesh, the researcher inclined to conduct the research in order to assess self-efficacy as well as organizational commitment of junior executives in this sector.

LITERATURE REVIEW

Self Efficacy

Perceived self-efficacy is defined as people's beliefs about their capabilities to produce designated levels of performance that exercise influence over events that affect their lives (Bandura, 1994). The construct of self-efficacy represents one core aspect of Bandura's social-cognitive theory (Bandura, 1994). Bandura (1994) postulates that these expectations determine whether or not a certain behaviour or performance will be attempted, the amount of effort the individual will contribute to the behaviour, and how long the behaviour will be sustained when obstacles are encountered. Self-efficacy beliefs determine how people feel, think, motivate themselves and behave. Such beliefs produce these diverse effects through four major processes, namely cognitive, motivational, affective and selection processes.

A strong sense of efficacy enhances human accomplishment and personal well-being in many ways. People with high assurance in their capabilities approach difficult tasks as challenges to be mastered rather than as threats to be avoided. Such an efficacious outlook fosters intrinsic interest and deep engrossment in activities. They set themselves challenging goals and maintain strong commitment to them. They heighten and sustain their efforts in the face of failure. They quickly recover their sense of efficacy after failures or setbacks. They attribute failure to insufficient effort or deficient knowledge and skills which are acquirable. They approach threatening situations with assurance that they can exercise control over them. Such an efficacious outlook produces personal accomplishments, reduces stress and lowers vulnerability to depression.

In contrast, people who doubt their capabilities shy away from difficult tasks which they view as personal threats. They have low aspirations and weak commitment to the goals

they choose to pursue. When faced with difficult tasks, they dwell on their personal deficiencies, on the obstacles they will encounter, and all kinds of adverse outcomes rather than concentrate on how to perform successfully. They slacken their efforts and give up quickly in the face of difficulties. They are slow to recover their sense of efficacy following failure or setbacks. Because they view insufficient performance as deficient aptitude it does not require much failure for them to lose faith in their capabilities. They fall easy victim to stress and depression.

There are four major sources that contribute to the development of self-efficacy beliefs (Bandura, 1977).

- **Performance accomplishments:** The experience of mastery influences your perspective on your abilities. Successful experiences lead to greater feelings of self-efficacy. However, failing to deal with a task or challenge can also undermine and weaken self-efficacy
- **Vicarious experience:** Observing someone else perform a task or handle a situation can help you to perform the same task by imitation, and if you succeed in performing a task, you are likely to think that you will succeed as well, if the task is not too difficult. Observing people who are similar to yourself succeed will increase your beliefs that you can master a similar activity
- **Verbal persuasion:** When other people encourage and convince you to perform a task, you tend to believe that you are more capable of performing the task. *Constructive* feedback is important in maintaining a sense of efficacy as it may help overcome self-doubt
- **Physiological states:** Moods, emotions, physical reactions, and stress levels may influence how you feel about your personal abilities. If you are extremely nervous, you may begin to doubt and develop a weak sense of self-efficacy. If you are confident and feel no anxiety or nervousness at all, you may experience a sense of excitement that fosters a great sense of self-efficacy. It is the way people interpret and evaluate emotional states that is important for how they develop self-efficacy beliefs. For this reason, being able to diminish or control anxiety may have positive impact on self-efficacy beliefs.

Many studies have reported significant correlations between self-efficacy and subsequent task performance (Bandura, 1982; Bandura & Adams, 1977; Bandura, Adams & Beyer, 1977; Chambliss & Murray, 1979; Feltz, 1982; Locke, Frederick, Lee & Bobko, 1984). Efficacy perceptions still predict subsequent performance, even in studies where efficacy perceptions have been altered. Bandura (1977a) notes that although active mastery yields the greatest increase in self-efficacy, correlations between self-efficacy and performance remain high for non-enactive modes such as modeling.

Several studies have found self-efficacy to be a better predictor of subsequent performances than past behaviour (Bandura, 1977a; Bandura, 1982; Bandura & Adams, 1977; Bandura et al., 1977; Bandura et al., 1980; Chambliss & Murray, 1979). However, other studies contradicted this, for example Gist (1987). Studies conducted by Feltz (1982) provided some evidence that as experience with a task increases, past performance becomes more predictive than self-efficacy. It needs to be noted that Feltz's study involved a task in which subjects were unable to observe their performance and no feedback was provided (Gist, 1987). Under these circumstances self-efficacy may have lacked veridicality. Locke et al. (1984) found that when past performance was controlled, self-efficacy was a significant predictor of subsequent performance. The correlation between self-efficacy and past performance was however higher, than the correlation between self-efficacy and future performance.

Organizational Commitment

In organizational behavior and industrial and organizational psychology, organizational commitment is the individual's psychological attachment to the organization. The basis behind many of these studies was to find ways to improve how workers feel about their jobs so that these workers would become more committed to their organizations. Organizational commitment predicts work variables such as turnover, organizational citizenship behavior, and job performance. Some of the factors such as role stress, empowerment, job insecurity and employability, and distribution of leadership have been shown to be connected to a worker's sense of organizational commitment.

Organizational commitment can be contrasted with other work-related attitudes, such as self-efficacy, defined as an employee's feelings about their job, and organizational identification, defined as the degree to which an employee experiences a 'sense of oneness' with their organization. As with other topics in organizational behavior, a wide variety of definitions and measures of organizational commitment exist. Mowday et. al. (19979) underlined a concept named as attitudinal commitment. As an attitude, organizational commitment is most often defined as (1) a strong desire to remain a member of a particular organization; (2) a willingness to exert high levels of effort on behalf of the organization; and (3) a definite belief in, and acceptance of, the values and goals of the organization.

Another approach was that of Meyer and Allen (1991). This is one of the most widely recognized approaches in organizational commitment literature. They developed a three-component model of organizational commitment. Because of multidimensional nature of organizational commitment, there is growing support for a three-component model. The three dimensions are as follows:

Affective commitment

Affective commitment involves the employee's emotional attachment to, identification with, and involvement in the organization. Employees who are affectively committed to the organisation will probably carry on working for it because they want to (Meyer & Allen 1991). Individuals who are dedicated at an emotional level usually remain with the organisation because they see their individual employment relationship as being in harmony with the goals and values of the organisation for which they are currently working. Affective commitment development involves identification with the organisation and internalization of organizational principles and standards (Beck & Wilson 2000).

Continuance commitment

Continuance commitment involves commitment based on the costs that the employee associates with leaving the organization. Because of the individual's awareness or consideration of expenses and threats linked to leaving the organisation, continuance commitment is considered to be calculative (Meyer & Allen 1997). Individuals with continuance commitment remain with a specific organisation because of the money they as employees earn as a result of the time spent in the organisation, and not because they want to. This differs from affective commitment, where individuals remain with an organisation because they want to and because they are familiar with the organisation and its principles.

Normative commitment

Normative commitment involves the employee's feelings of obligation to stay with the organization. The internalized idea of responsibility and commitment allows employees continued membership that is appreciated by a specific organization (Allen & Meyer 1990). The normative element is seen as the commitment individuals consider morally appropriate regarding their remaining with a specific organization, irrespective of how much status improvement or fulfillment the organization provides the individual over the years (March & Mannari 1977).

Commitment is usually stronger among longer-term employees, those who have experienced personal success in the organization, and those working within a committed employee group. Organizationally committed employees will usually have good attendance records, demonstrate a willing adherence to organizational policies, and have lower turnover rates. In addition, employees who are committed to their organisation may be more willing to participate in 'extra-role' activities, such as being creative or innovative, which frequently guarantee an organisation's competitiveness in the market (Katz & Kahn 1978).

OBJECTIVES OF THE STUDY

The major objective of this study is to gain better understanding of the effects of self-efficacy on organizational commitment, especially among the junior executives working in the private sector of Bangladesh.

In order to achieve the major objective, the following specific objectives were formulated:

1. To measure the level of self-efficacy as well as organizational commitment among junior executives working in the private sector;
2. To explore the relationship between self-efficacy and organizational commitment; and
3. To find out the impact of the factors of self-efficacy on the three components of organizational commitment.

METHODOLOGY

In light of the objectives of the study, the following null hypothesis has been proposed:

H_a: Higher level of self-efficacy leads to higher level of organizational commitment.

The research approach followed in this study is empirical and quantitative, where a cross-sectional field survey generated the primary research data for this study. The survey was conducted during August - September 2015 using two sets of structured questionnaires. The questionnaires were personally administered to a conveniently selected 396 junior executives' working for different private companies in Dhaka, Narayanganj and Gazipur cities. All of them took part in the Post-Graduate Diploma in Human Resource Management course offered by Bangladesh Institute of Management, Dhaka. Among them, a total of 284 complete responses (72 percent) were received, of which, 216 were male and the others were female. Respondents' mean age is 29.26 years and mean length of service is 3.24 years. Measures of central tendency, dispersion and association (i.e., mean, standard deviation and correlation) have been used as part of descriptive statistics while multiple linear regression analysis has been used to identify significant predictors of organizational commitment. Statistical software- the Statistical Package for Social Sciences (SPSS)- has been used to analyze the data.

Measurement Instrument

The instruments used for this study are the "General Self-Efficacy Scale (GSE)" developed by Jerusalem & Schwarzer (1979) and the "Organizational Commitment Scale" developed by Allen and Meyer (1997).

General Self-Efficacy Scale (GSE)

The GSE was originally developed in German and later translated into 26 languages by various co-authors. The scale consists of 10 items reflecting perceived optimistic self-belief of respondents. Responses were made on a 5-point Likert-type scale ranging from 1= "Not at all true" to 5= "Exactly true". The total score is calculated by finding the sum of the all items.

Organizational commitment Scale (OCS)

The organizational commitment was measured using the three-component model. Each of the components of organizational commitment (affective, normative and continuance) was comprised of five items and the total organizational commitment was computed using 15 items. Responses were made on a 7-point Likert-type scale ranging from 1= "Strongly disagree" to 7= "Strongly agree".

DATA ANALYSIS AND FINDINGS

Level of Self-Efficacy

The level of self-efficacy of the respondents was explored by examining the mean and standard deviation. The results are presented below in Table 1.

Table 1: Respondents' Level of Self-efficacy

Variable	Perceived Self-Efficacy	
	Mean*	Std. Deviation
Self-Efficacy	2.7210	.38843

The above table shows that the respondents' perceived level of self-efficacy is moderate (mean=2.72 on a 5-point scale).

Level of Organizational Commitment

The level of organizational commitment of the respondents was also explored by examining the mean and standard deviation of total and of different components of organizational commitment. The results are presented below in Table 2.

Table 2: Respondents' Level of Organizational Commitment

Components of Organizational Commitment	Perceived Organizational Commitment	
	Mean*	Std. Deviation
Affective Commitment	3.9648	.76507
Normative Commitment	4.1937	.56502
Continuance Commitment	4.1150	.15753
Total Organizational Commitment	4.0926	.41816

* The mean is calculated as follows:

- Firstly, respondent-wise mean score of organizational commitment for each component was calculated by dividing the total score of each respondent by the number of items in each component (items=5). Then the mean scores of each respondent were summed and divided by the number of respondents (n=284) to obtain mean score of organizational commitment for each component.
- In order to obtain the mean score of total organizational commitment, the mean scores of organizational commitment for each component were summed and divided by the number of components (components=3).

The above table shows that the total organizational commitment is 4.09 on the scale of 7. This shows slightly above average levels of organizational commitment. However, varying degrees of organizational commitment were expressed with different components. The highest mean score of commitment was expressed with “continuance” component (mean=4.11), while the lowest level of commitment were marked with “affective” component (mean=3.96).

Relationship between Self Efficacy and Organizational Commitment

In order to test the hypothesis relating to the relationship between Self Efficacy and the components of organizational commitment, the Pearson’s correlation was used. The correlation coefficients are given below in Table 3.

Table 3: Correlation between Self-efficacy and Organizational Commitment

Components of Organizational Commitment	Correlations with Self-Efficacy
Affective Commitment	0.541**
Normative Commitment	0.521**
Continuance Commitment	0.093
Total Commitment	0.577**

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

The above table shows that self-efficacy is significantly correlated with affective commitment as well as normative commitment. However, no significant relationship has been found between self-efficacy and continuance commitment.

The absence of a significant relationship between self-efficacy and continuance commitment suggests that the respondents’ decision to stay with their respective companies due to their feelings of attachment (affective commitment) and obligation (normative commitment) may be a consequence of their satisfaction with extrinsic and intrinsic motivational factors (pay, supervision, fringe benefits, contingent rewards, operating conditions, nature of work and communication), rather than the costs associated with leaving the company (Meyer & Allen 1997).

Therefore, we can conclude that the hypotheses that self-efficacy is positively correlated with (i) affective commitment and (ii) normative commitment have been supported by the study. However, the study does not support the hypothesis that there is a positive correlation between self-efficacy and continuance commitment.

Impact of Self-Efficacy on Organizational commitment

In order to determine the impact of self-efficacy on overall organizational commitment, multiple linear regression analysis was carried out using SPSS. The results of regression analysis are given below:

Table 4.1: Model Summery

R	R Square	Adjusted R Square	Std. Error of the Estimate
.577 ^b	.332	.330	1.02571

a. Dependent Variable: Organizational Commitment

b. Predictors: (Constant), Self-Efficacy.

As can be seen from Table 4.1, the value of Adjusted R Square (R^2) is 0.332. Therefore, it can be concluded that 33.2% of the variation in the total commitment is explained by self-efficacy, while the rest 66.8 % is influenced by other factors that have not been examined.

Table 4.2: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	147.711	1	147.711	140.398	.000 ^a
Residual	296.688	282	1.052		
Total	444.399	283			

a. Dependent Variable: Organizational Commitment

b. Predictors: (Constant), Promotion

Table 4.2 presents the ANOVA results and provides the overall acceptability of the regression models. As can be seen from the above table, the P-value for the F-test for the model is 0.000 which is less than any reasonable level of significance (e.g. 0.05 or 0.01), so there is sufficient evidence that both the models are fit. This means at least one of the independent variables is significant in each model.

Table 4.3: Coefficients

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	7.213	.431		16.718	.000
Self-Efficacy	1.860	.157	.577	11.849	.000

a. Dependent Variable: Organizational Commitment

The above table shows the coefficients of the regression line (B values under unstandardiized coefficients column) for the regression model. We can therefore

conclude that a one- unit increase in self-efficacy will lead to a 1.86 unit increase in organizational commitment.

In the light of the foregoing result, we can conclude that higher level of self-efficacy leads to higher level of total commitment.

MANAGERIAL IMPLICATIONS AND CONCLUSION

The findings of the study strengthen the fact that there is a very strong and positive correlation between self-efficacy and organizational commitment. The survey also reveals that the effect on organizational commitment is significantly caused by self-efficacy. However, unfortunately, the junior executives working in the private sector of Bangladesh perceived a moderate level of self-efficacy showing an average-level commitment towards their organizations. These findings may be a cause of concern for the management in the private sector of Bangladesh. Therefore, innovative and adaptable managerial interventions need to be taken to improve employees' self-efficacy and to make stronger their organizational commitment.

In managerial implication, this study has provided useful information to the management of the private sector. With this information, the managements will be able to know how to increase the organizational commitment of employees. To achieve this, urgent and concrete strategies must be developed focusing on the identified factors related to self-efficacy. At the outset, the organizations could recruit and select individuals who display a high level of self-efficacy as potential employees. Moreover, the organization can use employees' profiles on the Employee Commitment Matrix to discuss the breadth and levels of self-efficacy as to gain a broader perspective of available options for improvement. It is also required to contribute to the development of its employees' employee commitment by providing training on the self-efficacy dimensions that exhibit a significant correlation with employee commitment.

As a final point, the present study makes useful additions to the current knowledge base by examining the effects of self-efficacy on organizational commitment. However there are some limitations to this study. It was due to time constraints and limited company data available. However, to get a more perfect result, longitudinal or time-series study may be used by accessing the self-efficacy and organizational commitment in different times. One other limitation of this study is that it covered only three cities in Bangladesh with 284 junior executives. Thus, future studies should use a less restricted sample to extend the applicability of the findings of this study.

REFERENCES

4 Ways to Develop Self-Efficacy Beliefs (2014), retrieved from <http://reflectd.co/2014/01/20/self-efficacy-beliefs>

Angle, H. L. & Lawson, M. (1993), Changes in Affective and Continuance Commitment in times of Relocation, *Journal of Business Research*, Volume 26, pp.3-15.

Bandura, A. (1977), Self-efficacy: Toward a unifying theory of behavioral change, *Psychological Review*, Volume 84, No. 2, pp. 191-215.

Bouffard-Bouchard, T. (1990). Influence of self-efficacy on performance in a cognitive task. *Journal of Social Psychology*, Volume 130, pp. 353-363. Brown, S. (1996). A Meta-Analysis and Review of Organizational Research on Job Involvement. *Psychological Bulletin*, Volume 120, No. 2, pp.235-255.

Chow, I.H. (1994), Organisational Commitment and Career Development of Chinese Managers in Hong Kong and Taiwan, *International Journal of Career Management*, Volume 16, No. 4, pp. 3-9.

Coetzee, S. & Cilliers, F. (2001), Psychofortology: Explaining Coping Behaviour in Organisations, *Society for Industrial and Organisational Psychology*, Retrieved from <http://www.siop.org/tip/backissues/tipapr01/08Coetzee.aspx>

E. J. Lumley, M. Coetzee, R. Tladinyane & N. Ferreira (2011), Exploring the Job Satisfaction and Organisational Commitment of Employees in the Information Technology Environment, *Southern African Business Review*, Volume-15.

Ebru Gunlu, Mehmet Aksarayli, Nilüfer Şahin Perçin (2010) "Job satisfaction and organizational commitment of hotel managers in Turkey", *International Journal of Contemporary Hospitality Management*, Volume 22 Issue: 5, pp.693 – 717.

Esther T. Canrinus, Michelle Helms-Lorenz, et.al (2012), Self-efficacy, Job Satisfaction, Motivation and Commitment: Exploring the Relationships between Indicators of Teachers' Professional Identity, *European Journal of Psychology of Education*, Volume 27, Issue 1, pp 115–132.

Gilbert F. Garcia (2015), The Relationship Between Self-Efficacy and Employee Commitment among Perfusionists, Unpublished Doctoral Thesis, Walden University.

Hurter Nelia (2008), The Role of Self-Efficacy in Employee Commitment, Unpublished Master's Thesis, University of South Africa.

Ismail Norizan (2012), Organizational Commitment and Job Satisfaction among Staff of Higher learning Education Institutions in Kelantan, Unpublished Master's Thesis, Universiti Utara Malaysia.

Kaplan Metin, Ogut Emine, Kaplan Asli and Aksay Kadir (2012), The Relationship between Job Satisfaction and Organizational Commitment: The Case of Hospital Employees, *World Journal of Management* Volume 4. No. 1. pp. 22 – 29.

Lipinskiene Diana (2008), The Examination of Relationship between Organizational Commitment and Job Satisfaction of Employees, *Ekonomika ir vadyba: aktualijos ir perspectyvos*, Volume 4, Issue 13, pp. 282-289.

Malik Muhammad Ehsan, Nawab Samina, et. al. (2010), Job Satisfaction and Organizational Commitment of University Teachers in Public Sector of Pakistan, *International Journal of Business and Management* Volume 5, No. 6.

Nath Gangai K. and Agrawal R. (2015), Job Satisfaction and Organizational Commitment: Is It important for Employee Performance, *International Journal of Management and Business Research*, Volume 5, Issue 4, pp. 269-278.

Thomas E. Becker, Donna M. Randall, and Carl D. Riegel (1995), The Multidimensional View of Commitment and the Theory of Reasoned Action: A Comparative Evaluation, *Journal of Management*, Vol. 21, No. 4, pp. 617-638.

Is there Something Different about the Exercise of Market Power when Firms Possess IPRs as the Basis of Their Business?

Mohammad Nazmi Newaz¹

ABSTRACT

Every organization in the current rival business world is trying to secure its market position and increase customers' base through different strategies. Intellectual property rights often allow organization in getting competitive advantages over the competitors. The paper will focus on the difference in exercising the market power while possessing IPRs.

INTRODUCTION AND BRIEF LITERATURE

All firms are highly intending in attracting more customers, maximizing their profit, expanding the market and as well as holding a superior power over the competitors. For doing such, firms are continuously focusing on developing new strategies through product differentiation, superior efficiency and quality innovation (Hill, Jones and Schilling 2015). Their aim is to exercise market power, the capabilities to influence prices and to exclude the competitors from the market (Baldwin 1987), so that they can operate differently from competitors that would enforce on facing otherwise similar cost and demand conditions (Anderman 2007).

While the competition/antitrust policy/law works as the measure in affecting either market structure or conduct; and ensures the availability of all information to both buyers and seller (Scherer and Ross 1990), the IPRs play the opposite role. Intellectual property is referred to the various legal regimes under which property rights are created through patents, copyright, trademarks, designs, and so on (Fitzgerald and Fitzgerald 2004). According to the WIPO, intellectual property laws aim at safeguarding creators and other producers of intellectual goods and service by granting them certain time-limited rights to control the use made of those products (WIPO 2004).

Within the conflicting situation, as stated, the research is attempting to focus on the difference in exercising market power while possessing the IPRs.

THE RESEARCH QUESTIONS

As we found a dilemma between IPRs and competition laws, it will be remarkable in focusing on the exercise of market power under these two laws. Very similarly with the

¹ Management Counsellor, General Management Division, Bangladesh Institute of Management

research topic, the research will be conducted to answer the following research questions:

- What is the difference in exercising market power when firms possess the IPRs as the basis of their business?
- What is the market position of the firms, while possessing IPRs?

METHODOLOGY

To reach at the conclusion about the difference in exercising market power with the IPRs as basis of business, different scholarly articles and papers shall be critically analyzed. Furthermore, two related cases will be presented with in-depth analysis.

Analysis of Scholarly Articles/papers

Dumont and Holmes (2002) looked at the interface between competition law and IPRs law and drawn attention to a number of specific issues which have arisen in recent years and some of the conflicting costs and benefits of the IPRs for competition (mainly in the context of sequential innovation) and economic efficiency. They demonstrated that if competition policy and IPRs are complementary means of promoting innovation, technical progress and economic growth to the benefit of consumers, these common goals, however, are pursued by different instruments (Dumont and Peter Holmes 2002). Thus, the authors established that with the IPRs, firms operate differently and possess more power in the market over their competitors.

Anderman (2002) pointed the controversy over the appropriate relationship between EC competition law and IPRs and after an extensive research, finally agreed that there should be an internal balance within IPRs legislation, so that competition law can be thrust into the role of an external protector of the diffusion element of innovation because of its own logic of preserving competitors in the secondary “market” dependent on essential facilities by compulsory supply or license remedies, ensuring that the scope of the IPRs protection in licensing and research and development agreement is not too restrictive of competition by parties to such agreements and by controlling mergers both vertical and horizontal that would lead to foreclosure of competition in high-technology markets. Accordingly, the researcher tended in allowing firms in operating with the IPRs to gain more power in the market.

Encaoua and Hollander (2002) addressed that competition is for the market rather than in the market, dynamic aspects of competition matters more than allocative aspects, the IPRs reinforce network effects present in knowledge-based industries since the

competition in these industries displays features that are radically different from those encountered in traditional sectors of the economy. They examined why these differences matter with respect to market delineation, assessment of intensity of competition, and predatory conduct and to what extent competition law limits the innovators' rights not to license their inventions to others, especially when they correspond to essential facilities. The researchers found that strong IPRs and network externalities reinforce each other by favoring market dominance by a single firm. Hence, the researchers have sought the difference in market power while the firms possess the IPRs as the basis of their business and the firms are in comparatively stronger position with such regulations.

Lea and Hall (2004) addressed the conflict between IPRs laws and competition laws while they were settling private rights that IPRs represent with the public benefit deriving from properly developed technical standards. They examined the issues that arise when the IP rights of a particular kind, the IPRs, operate in structurally complex markets where competitive conditions are shaped on the supply side by the compatibility of complementary components and on the demand side by network externalities and revealed that even from cursory examination of relatively simple markets where the IPRs underpin the production of simple consumer goods and individuals demand curves are independent, the IPRs are themselves a double-edged sword: they enhance dynamic efficiency through the incentives they create for innovation but potentially undermine static efficiency through the market power they place in the innovator's hands. Thus, within the conflict between two laws, firms are able in enhancing their market power through the IPRs as the basis of the business.

In his working paper, Lemley (2007) argued that IP and antitrust have cycled between over- and under-protection, and that the current (and mistakenly) conditioned to think of private property and private ordering as efficient in and of themselves, rather than as efficient only in the context of robust market competition. The author stated that the goal of the IP and antitrust laws should be to seek a robust balance between competition and monopoly in the service of dynamic efficiency and when the IP laws are strong, competition/antitrust laws should also be strong, and vice versa. The researcher pointed the gaps during periods of low protection can make the patent owners are free to expand their rights by contract without antitrust interference. Consequently, it clearly institutes the freedom of the IP right holders in exercising power in the market.

Jacobsen (2010) examined the failure to disclose the IP rights against the Sherman Act violation. Accordingly the author, antitrust laws impose a duty to disclose IP to a standard setting organization, even if the SSO does not have any policy requiring such a

disclosure and conferring to section 2 of the Sherman Act, every person shall be punished who shall monopolize or attempt to monopolize, or combine or conspire with any other person(s), to monopolize any part of the trade or commerce among the several states, or with foreign nations, it is revealed that to exercise extra market power with the IP rights is restricted. Though the Supreme Court has said that a patent (an IP right) does not necessarily confer market power on its owner, but the implementation of a standard requires the use of a patented invention and the standard can confer additional economic value on a patent holder beyond the value of the patented invention itself. Thus, a firm gets the power to control prices or exclude competition in the relevant market. So, when a firm operates with the IPRs, it possesses extra power in the market.

Patel *et al* (2011) also harmonized that there is a considerable overlap in the goals of the Competition laws and IPRs laws because both are aimed at promoting innovation and economic growth, but IP laws generally offer a right of exclusive use and exploitation to provide a reward to the innovator, to provide an incentive to other innovators to bring into the public domain innovative information that might otherwise trade secrets. The researchers agreed that the IPRs should be created if goods and services are to be produced and used as efficiently as possible in such an economy and concluded that the IPRs provide short-term monopolies (Patent – 20 Years, Copyright – Life + 60 Years), which implies that it provides incentives for the innovator and also allows them to apply its industrial application. At this point the researchers take a strong position on behalf of the exercising different market power by the firms while possessing the IPRs.

Saggi (2012) stated that the extent to which the holders of the IPRs can freely exercise their market power in the global economy, depends upon (i) the amount of protection available to them against potential imitators and (ii) the degree to which they can price discriminate across national markets while addressing the linkages between policies that determine these two facets of the market power possessed by the IPRs holders. Accordingly the researcher, the IP rights holders obviously enjoy more market power under the umbrella of IPRs laws, and this market power is comparatively less under the competition law. Based on the research, it can be said that the more the protection of IP, the more the exercise of power in the market. From the research and model developed, author indicated that a firm can enjoy monopoly status by the virtue of IPR in one region (for example, in North) and has the incentive to price discriminate internationally because regional (Northern) consumers value its product more than other region(s) (for example, South). The scholar also found that the firm's market power is fully extended to another region (South) only if that region (South) protects its

technology from being copied by local imitators and thus, while first region's (Northern) policy regarding the territorial exhaustion of IPR determines whether the firm can price discriminate internationally and therefore exercise its market power across regions, second region's (Southern) policy regarding the protection of the IPRs determines its monopoly power within the Southern market. Finally, the author concluded that due to policies adopted in two different regions, one to make capable in international pricing discrimination and another to protect the IP rights, gives the additional power to the firms to operate in the market.

Chu *et al* (2012) revealed that the variety inventor of an industry always obtain a share of the monopolistic profits generated by all subsequent innovations in the industry and such occurs when strengthening the patent protection, i.e. the IPRs stimulates inventions. This finding also strengthens that, while possessing the IPRs, firms operate and behave differently in the market against the competitors.

Layne-Farrar (2014) focused the debate over potential antitrust concerns for the use of protected intellectual property within standard setting often centers on the rules regulations in place at standard setting organizations (SSOs) that set "essential" for the practice of the standard on fair, reasonable and non-discriminatory (FRAND) terms and conditions. Agreeing with such standards, the researcher pointed at the *Microsoft v. Motorola* in 2012, where the Judge decided that since *Microsoft* paid royalties under the license agreement, there was no irreparable harm, and in that way, license payment constituted an appropriate remedy. This has proved that the capability of the licensors in exercising power in the market with the IP rights.

Singh (2015) spoke that the IPRs have the mechanism of favoring an efficient equilibrium, without significantly altering the nature of the market. He argued that this postulation is by definition erroneous: given that the IPRs make a non-rival good (e.g. knowledge, national park, movies, etc.) excludable, it constitutes inefficiency, since the price of the good will be above the marginal cost of producing the good. Sensibly the author added that the IPRs are instruments of market regulation and, therefore, influence the competitive configuration, altering it not just marginally, but drastically. Author indicated that according to the definition, the IPRs not only give the owner a certain amount of market power but also protect the IP owner from the competition and also grant the monopoly power in some cases; and therefore, granting an IPR to an entity is tantamount to conferring a monopoly. Accordingly the researcher, this is a key point of economic analysis since, in contrast to the dictum of IPRs, competition policy seeks to encourage competition, avoid market barriers and benefit consumers by ensuring that a multiplicity of goods/services and technologies may effectively compete

each other. It clearly reveals that the umbrella of the IPRs obviously sanctions additional capabilities so that the firms can exercise power differently and strongly while using the IPRs in their business activities.

Analysis of Related Cases

United States v. Microsoft

Referring to the *United States v. Microsoft Corp.* case, it is found that Microsoft included Internet Explorer for internet browsing in their 'Windows' operating systems while the Internet Explorer is a stand-alone application. Evans *et al* (2005) found this inclusion as a tie-in which was illegal under Section 1 of the Sherman Act, though this tying claim was never proven and many commentators appear not to have noticed. The authors stated that the Courts did find that Microsoft engaged in anticompetitive actions, but, in the absence of any evidence that those actions actually reduced competition; the remedy imposed is well designed to prevent similar violations without imposing potentially expensive structural changes or substantially restricting Microsoft's ability to compete on the merits. Therefore, though illegal under the Sherman Act, but through tie-in Internet Explorer in their operating system, Microsoft operated strongly in the software market as against their competitors, having the protection from the IPRs. In this regard, authors stated that Microsoft took in the course of maintaining its leading market position were judged to have been anticompetitive and they asked the Courts to impose drastic structural and injunctive relief designed to induce more competition. It is found from the case that in the absence of evidence that the violations in question had actually reduced competition, the courts properly declined to take not particularly egregious antitrust violations as a license to punish the firm in ways that would make it a less effective competitor.

In that case, the authors found that Microsoft was blamed and trial was held on six broad topics: (1) market definition and market power; (2) tying of IE and Windows; (3) contracts that limited the distribution of Netscape; (4) predatory conduct against Netscape; (5) Microsoft discounts and other efforts to dissuade OEMs from installing Netscape and other middleware products; and (6) various Microsoft actions regarding IBM, Intel, Netscape, Sun, Real Networks, and Apple that were alleged to be part of a pattern of using monopoly power in the operating system to illegally maintain power there. The authors identified that the Trial Court agreed with the government on most of the charges against Microsoft; and found that Microsoft had a monopoly in personal computer operating systems, had illegally tied a browser to this operating system, had engaged in tying and exclusionary contracts for the purpose of excluding Netscape from the browser market, and had engaged in a variety of other actions to maintain its

operating system monopoly and in an attempt to monopolize the browser market. But all these trails were failed when appealed. The authors stated that the D.C. Circuit reversed the finding that Microsoft had attempted to monopolize the browser market because the trial court had not found that browsers comprised a relevant market and also found that the plaintiffs had not presented adequate evidence on market definition or barriers to entry-either at trial or in oral argument on appeal-and it precluded the government from addressing this problem on remand. Moreover, the Appeals Court also vacated the finding of *per se* illegal tying, in part because it concluded that "the nature of the platform software market affirmatively suggests that *per se* rules might stunt valuable innovation.

But when the question arises regarding the winner of the case, there are different views. authors found that one could argue that the government won because Microsoft was found to have monopoly power in PC operating systems and to have violated the Sherman Act in trying to keep that monopoly and this finding has enabled various parties -from class actions representing consumers to companies such as AOL and Sun to obtain billions of dollars in settlements as well as other concessions from Microsoft. On the other hand, researchers also presented that it was a victory for Microsoft, because of its heavy investment in developing, improving, promoting, and distributing Internet Explorer, which was found lawful; and most importantly, the U.S. Courts did not condemn Microsoft's inclusion of new features in the operating system as a general matter, and the D.C. Circuit at least has specifically ruled that tying issues related to software platforms must be considered under the rule of reason rather than the *Jefferson Parish per se* test.

From the case, it is very clearly distinguished that when firms operate with the IPRs in proper way, and even go against the competition law, they still possess comparative more power in the market and can behave differently and strongly. Such situations enable them in getting more market share that increases their market power and competitiveness in the market.

Microsoft Corp. v. Commission of the European Communities

While considering the case, Moldén (2008) stated that Microsoft was charged, for refusing to supply interoperability information that is indispensable for competitors to be able to viably compete in the work group server operating system market and tying of Windows Media Player to the Windows operating system, by the European Communities as the violation of Article 82 of EC Treaty while Microsoft argued that the communication protocols to be supplied are protected by intellectual property rights, namely by patents and by copyright; and moreover, the communication protocols

should be protected as valuable trade secrets. The author found that both the Court and the Commission reached the same result, namely that Microsoft has to supply the interoperability information in question but both the Court and the Commission left the issue open whether Microsoft's interoperability information was protected by intellectual property rights or not.

In the case, it must be noted very carefully that Microsoft's main argument was that the refusal to supply the interoperability information was objectively justified by the intellectual property rights that it holds over the 'technology' concerned; and Microsoft asserted that it had made significant investments in designing its communication protocols and that the commercial success its products have achieved represents the just reward. Finally, though Microsoft paid penalties as ordered by the Court, but it was established that the IPRs allowed them to operate with more power in the market as against the competitors.

FINDINGS

The detailed analysis of the research certainly has established that firms operate differently while they possess IPRs as the basis of their business. In the competition law, firms are bound with perfect competition policies and cannot enjoy the monopoly in the market, but with IPRs, their behavior become different. IPRs allow them more monopoly and freedom in the market which result in such difference.

Furthermore, while operating with the IPRs, firms are in stronger positions in the market over their competitors. Such strong positions allow them to expand their market through capturing more customers using their inventions. As stated earlier, invention, a competitive weapon, always brings extra benefits to the firms and when the inventions are protected through IPRs, in contrast to the competition law, firms are proven in the stronger position in the market and this causes the difference in their operations.

Analysis, presented on the two cases, also strengthens the findings of the research. In both cases, it was found that Microsoft enjoyed additional benefits under the IPRs and positioned strongly over their competitors, which was not possible under the competition law.

CONCLUSION

The research paper was aimed at the difference in exercising market power when the firms possess the IPRs as the basis of their businesses and the strength of market power

with the IPRs. To get into the conclusion, different scholarly articles have been critically analyzed and two related cases also have been described. Then the findings are found in supporting to the research objectives.

Therefore, in conclusion, it is firmly established that while using the IPRs as the basis of the business, there is a certain difference in exercising market power and the firms holds a competitive stronger position in the market, which enables them in creating the maximum profit and huge potential for the growth.

REFERENCES

A Fitzgerald and B Fitzgerald, Intellectual Property: In Principle, (Thomson Law Book Co, Sydney, 2004)

Angus C. Chu, GuidoCozzi and SilviaGalli, 'Does intellectual monopoly stimulate or stifle innovation?', (2012) 56 *European Economic Review* 727 – 746

Anne Layne-Farrar, 'Proactive or reactive? An empirical assessment of IPR policy revisions in the wake of antitrust actions', (2014) 59(2) *The Antitrust Bulletin* 373 – 399

Atul Patel, Aurobinda Panda, Akshay Deo, Siddhartha Khettry and Sujith Philip Mathew, "Intellectual Property Law and Competition Law", (2011) 6(2) *Journal of International Commercial Law and Technology* 120 – 130

Béatrice Dumont and Peter Holmes, 'The Scope Of Intellectual Property Rights and their Interface with Competition Law and Policy: Divergent Paths to the Same Goal?', (2002) 11(2) *Economics of Innovation and New Technology* 149 – 162

Charles W. L. Hill, Gareth R. Jones and Melissa A. Schilling, Strategic Management: Theory, (Cengage Learning, Canada, 11th ed, 2015)

David Encaoua and Abraham Hollander, 'Competition Policy and Innovation', (2002) 18(1) *Oxford Review of Economic Policy* 64 – 79

David S. Evans, Albert L. Nichols and Richard Schmalensee, 'United States vs. Microsoft: Did Consumers Win?', (2005) 1(3) *Journal of Competition Law and Economics* 497 - 539

Eric E. Johnson, 'The Economics and Sociality of Sharing Intellectual Property Rights', (2014) 94 *Boston University Law Review* 1935 – 1995

F. M. Scherer and David Ross, Industrial Market Structure and Economic Performance, (Houghton Mifflin Company, Boston, 3rd ed, 1990)

Gary Lea and Peter Hall, 'Standards and intellectual property rights: an economic and legal perspective', (2004) 16 *Information Economics and Policy* 67–89

Kamal Saggi, 'Market Power in the Global Economy: The Exhaustion and Protection of Intellectual Property', (2012) 123 *The Economic Journal* 131 – 161

Krista S. Jacobsen, 'Intellectual Property in Standards: Does Antitrust Law Impose A Duty To Disclose (Even If The Standards-Setting Organization Does Not)', (2010) 26 *Santa Clara Computer and High Technology Law Journal* 459 – 486

Mark A. Lemley, 'Working Paper: A New Balance Between IP and Antitrust', (2007) Working Paper No. 340 *John M. Olin Program in Law and Economics, Stanford Law School*

Robert Moldén, 'Mandatory Supply of Interoperability Information: The Microsoft Judgment', (2008) 9(2) *European Business Organization Law Review* 305 – 334

Steve Anderman, 'EC Competition Law and Intellectual Property Rights in the New Economy', (2002) 47 *The Antitrust Bulletin* 285 – 308

Steven D. Anderman (ed), *The interface between Intellectual Property Rights and Competition Policy*, (Cambridge University Press, 2007)

Sumanjeet Singh, 'Innovation, intellectual property rights and competition policy', (2015) 5(1) *Innovation and Development* 147 – 164

Willian L. Baldwin, *Market Power, Competition, and Antitrust Policy*, (IRWIN, Illinois, 1st ed, 1987)

WIPO, *Intellectual Property Handbook*, (WIPO Publication, Switzerland, 2nd ed, 2004)

Analysis of E-recruitment Trend and Effectiveness: A case study on some companies in Bangladesh

Mohammad Mainul Islam¹

ABSTRACT

The purpose of a hiring event is to reach out to prospective employees and bring the specific kind of skills and experiences in the organization especially those which cannot be built from within. For external recruitment company posts job advertisement in different online website and recruit the best possible candidate from the pool of applicants who applied for the position. E-recruitment or online recruitment system can shortlist the application forms according to years of experience, skills, and educational attainment relevant to the job vacancy effectively and efficiently. The effectiveness of online job recruitment system is based on Performance, Reliability, Security and Cost-effectiveness. Speaking about the performance of online recruitment software, it could facilitate efficient filtering of qualified candidates and could provide a well-matched shortlist of qualified applicants compared to the manual process of Internal Recruitment. In terms of Reliability, online system could produce the required results with precision and could filter out applicants' forms without anomalies and any form of discrimination while internal recruitment also provides correct results but with more expenditure of time and effort. Online recruitment system has the mechanism to protect and control programs and data, and it provided its user's passwords as security against unauthorized users while the internal recruitment system of different companies are not capable to control any kind of mechanism. This study thus investigates the trends and effectiveness of online recruitment in the context of Bangladesh which is more an appropriate technique to hire candidates in today's competitive world.

Key Word: E-recruitment, Cost-effectiveness, Reliability.

INTRODUCTION

Placing job advertisements on the Internet is a lot cheaper than placing them in newspapers, magazines and other media. That is why it is cost effective. Press insertions have word and space limits that can lead to unclear messages. On the Internet, there is no word limitation and all relevant details can be expressed unambiguously. The information provided by candidates is obtained in a standard, uniform format, which facilitates easy comparison. This allows for more objective adjudication of candidates in order to compile shortlists, and provides an auditable data trail, which assists with regulatory compliance.

¹ Management Counsellor, Human Resource Management Division, Bangladesh Institute of Management

Automating recruitment administration, like posting a job opening complete with all the specifications on the Internet, takes only a few minutes. Delivery time and response time are immediate. The prospective candidates can visit the company site, post their CVs and expect responses through e-mails. As mentioned above, e-recruitment can also cut out all non-appropriate candidates automatically; producing a shortlist within minutes, rather than days of reading through 200 CVs. Thus improves the effectiveness of business process.

PURPOSE OF THE RESEARCH

This report aims at analyzing the e-recruitment trends and also e-recruitment effectiveness. This e-recruitment study set out to answer the following issues, using evidence-based research:

- To find out the overall trends in e-recruitment use and practice.
- To assess related benefits and challenges.
- To find out what is happening in practice and what are the e-recruitment methods that are being used

LITERATURE REVIEW

What is E-recruitment system?

E-recruitment, also known as online recruitment, is the practice of using technology and in particular Web-based resources for tasks involved with finding, attracting, assessing, interviewing and hiring new personnel.

E-recruitment software and systems are available as standalone applications, product suites and services. A recruitment management system is an integrated product suite or portal that streamlines and automates the processes involved (Danialarj, 2013).

Steps of the E-recruitment system

E-recruitment starts with online advertisement of vacancy notice and then ends with the selection of particular for the applied position. From common sense we can understand every recruitment process should undergo sequentially. So, we can divided e-recruitment system in simple 10 steps, which are briefly discussed below:

1. Identify the Recruitment Need: Sounds simple enough, but it is really important to make sure you have a concise job description, person specification and that this is agreed by all parties involved.

2. Write an Effective Job Advert: There are many Recruitment Process Outsourcing and Marketing companies around to help you with this. You can also take a look at the members' area in this blog for an instant template to help you. But please do not just copy and paste your job description.

3. Research the Online Recruitment Advertising Space: It is necessary to think like a job seeker. What can happen when one search for different companies current vacancy on

Google, where are the company's competition advertising, what statistics are needed to be confident about chosen medium. Need to look for the Job boards & Social Media sites that common people plan to use.

Document the Application Process: W/H questions are necessary to find out the exact path we need to follow. Like- Who is going to be involved and responsible for what? What stages need to be implemented and what happens at these stages? What communication or documents do you need to implement internally and externally?

Get Help when Placing the Advertisement: If one is going direct to a job board, need to use their expertise to make sure that you get your advert posted right. Each Job Board has its own nuances. Attempt to understand the process that how one is going to successfully complete the search fields such as; salary, location, job titles. It may seem a small thing, but it has a huge impact to how the vacancy is listed and whether the applicants find it or not.

Consider how Applicants are to Apply: If one had an Applicant Tracking System (ATS) then look at a "direct apply" method from the job sites. If one is relying on emails from applications, how as a company the response is manageable and how the details can be pursued, these sort of things are needed to keep in mind.

Acknowledge all Applications: The most frustrating part about job hunting is not hearing back from applications. If one does not respond to applicants, one can run the risk of damaging own employer and even the corporate brand. It is necessary to make sure that one has a process to deal with suitable and unsuccessful candidates

Keep your Process Consistent: If a company wants to improve the employer brand then promote a consistent message to all applicants. Make sure everyone involved in the recruitment process understands what the company's recruitment strategy and processes are.

Devise an Efficient Feedback System: If applicants have given their time and energy to attending interviews or assessment centers, then it is only fair that you invest a little bit of time helping them understand why they have not been successful. This will not only help them in the next interviews they attend, but it will also help improve how the brand is perceived.

Measure ROI: After all the effort in attracting, managing and recruiting the new member of staff, pause for reflection and critique the process. It is also equally important to review the Return on Investment from the company's advertising campaign either.

The purpose of the E-recruitment system

The purpose of e-recruitment is to make the processes involved more efficient and effective, as well as less expensive. Online recruitment can reach a larger pool of potential employees and facilitate the selection process (Danialarj, 2013).

Types of E-recruitment

There are two different ways for companies or organizations to attract job seekers for their vacant positions:

Posting vacancies on their own websites which could be enabled by intranet or internet
Third party websites which enabled a huge marketplace for recruitment so-called "Online Recruitment Industry".

Smallest scale of e-recruitment includes the boundaries of the organization, using intranet to find the best option among incumbents which possess required knowledge, skills, abilities and other characteristics (KASOs). When the company wants to seek for its favorite potential employee among outsiders the internet is prescribed, but it could be done in two ways as I mentioned before. If the company has a strong IT culture and recruitment is something that they do a lot during a year they can invest on their own website to be equipped with necessary modules to handle e-recruitment internally but if due to any reason it is not worth or reasonable to have such a platform, there are plenty of companies nowadays which are specialized to provide them with employees through advertisement, ranging from fully specialized like Bdjobs or through social networks. However the company may choose to use both, through advertising the position on the external platforms with putting the link of apply on it which redirects user to the company's website to start the procedure. International data corporation (IDC) estimates \$5.3 billion was generated in the US in 2011 through online recruitment industry and it is roughly increasing by 4 percent until 2015 (Silber, 2012).

Advantages

But why all these companies are using e-recruiting and what are the drivers? In a comprehensive review by Lang et al. (2011) we can find 14 important drivers for companies to implement e-recruitment which were recognized by scholars from 1998 to 2010 which would be listed here:

- (1) Cost saving
- (2) Time saving
- (3) Increased number of applicants
- (4) Independence of place and time -e.g. company can establish an assessment for applicants easily
- (5) Recruiting qualified staff more easily
- (6) Improved employer image
- (7) Efficient and effective personnel selection –i.e. company needs a suitable method to select
- (8) Providing additional workplace and organizational information -by employer to applicants
- (9) Usability
- (10) Target group orientation –i.e. post job vacancies in the right place
- (11) Updating of job and applicant data –i.e. possibility to update information even when the position is published
- (12) Expanding geographical scope of recruiting measures –i.e. having applicant hundreds miles away
- (13) Realization of competitive advantage –i.e. through faster and cheaper recruiting process to select more suitable candidates
- (14) Corporate policy

Disadvantages:

On the other hand the disadvantages of this approach can be extracted as well. Regardless of the challenges which companies face in terms of IT and marketing difficulties like security of applicant's data, privacy problems (which is always on the table speaking about digital world), importance of web appeal to attract job seekers (Thompson et al., 2008) or those issues which were disappeared due to time circumstances like *"For majority of job seekers, internet still is not the first option"*

(Galanaki, 2002) the remaining controversial disadvantages of using this tool in terms of effectiveness and behavioral influences which may have effect on company's overall performance would be mentioned here:

One of the most negative consequences of e-recruiting which have always been on the agenda is the trade-off between quantity (increasing) and quality (decreasing) of the candidates. However the number of applicants would increase but it entails the higher number of unqualified ones (Pearce and Tuten, 2001; Chapman and Webster, 2003; Barber, 2006) which may increase the cost and time of processing.

Stone et al. (2006) posit e-recruiting modifies social interactions which for example cause the applicant inability to perfectly present his/her own KSAOs to the employer. Consider when a company is looking for a marketing manager or assistant. Appropriate people for this position have to be outgoing and a little bit talkative. These kinds of abilities cannot be measured through e-recruitment. Also they make another hypothesis based on social values and argue people how prefer relationship-based interactions are less likely to accept e-recruitment. What Pin et al. (2001) called it "Lack of Human touch" refers to the same issue.

Discrimination among ethnic minorities group or diversity issue, and possibility to apply for disable people is another domain which may be affected negatively by this method of recruitment (Barber, 2006). Garcí'a-Izquierdo et al. (2010) did a research on companies listed on the Spanish Stock Exchange. They found out the level and type of information which some of these companies ask in their application forms during e-recruitment process may cause a discrimination. However they note according to the new changes in legislation in 2007 it is too early to expect them to change their forms but still we can see there is potential in this approach to create these inconveniences.

Pin et al. (2001) also resulted two other important disadvantages through their methodology based on survey mainly in Europe: (1) Poor segmentation of the market; One of the advantages of e-recruitment which was mentioned above was "Target Group Orientation" which is in contrast with this finding. According to this study, 59 percent of the companies noted this as the main reason not to use e-recruitment. As Pin et al. explain, due to the broad access which is provided by Internet matching the position with the candidates is impossible and it cause having less qualified applicants with the cost of losing qualified ones. However the level of classification of contents in internet is improved and we almost can find the related domain but the footprint of this problem is still observable (Suvankulov et al., 2012)

Higher rate of employees turnover; Smith and Rupp (2004) confirms this disadvantages in their study on managerial challenges of e-recruiting since an employed person may get interested in another position in another company which is freely accessible through internet.

As a result, e-recruitment is inevitable with the existing trend of digitalization so that we even have digital newspapers these days, but all the advantages could not be realized as it was supposed to be like target orientation which offsets by poor segmentation, or reduction in time or cost for recruiting which could be offsets somehow due to high number of applicants

that need to be evaluated. Also it seems by passing the time some disadvantages of this method were faded like the accessibility to the internet, possibility to have user friendly layouts, high fees for implementation (thanks to third parties platforms it is possible to advertise cheaply) or Data transparency (candidate can be untruthful on paper as well). But still there are some other disadvantages which are not settled and the companies have to deal with them to create a balance in a way.

The use of technology in business and managerial solutions has led to the simplification of a lot of day to day processes. Right from recruitment to training these days we have everything running on technology and this has helped in the effective utilization of resources. E – Recruitment is a popular and upcoming recruitment procedure or tool that is adopted by various companies in selecting their workforce and inviting a larger pool of applicants. This cost effective method of recruitment does not only reduce the costs but also speeds up the entire process and helps in creating and establishing a coordination between IT management and Human Resource for better productivity.

Where recruitment is the process of inviting applicants to apply for a particular position in the company and then short listing them for the final selection process, E – Recruitment is the same process done with the help of technology to attract and recruit candidates for the same job. This type of recruitment is new but has been a sensation from the beginning due to its efficiency in saving valuable resources like time, money and efforts.

As more and more companies have revolutionized their processes, the Human Resource Department has also undergone major changes and is now more adaptive to current trends and market practices. Researchers have proved that most people these days look for jobs online and even prefer applying online since the process takes less time and very little paper work is involved (Sylva, Hella, and Stefan T. Mol 2009). The employers find it easy too, to go through

the applications that come to them through web portals and websites that are created for varied purposes. In fact websites these days play a major role in the employment and recruitment process since a company's official website is the first interaction that the applicant has with the company while they apply for a particular job. Internet has now developed as a very useful mechanism in the recruitment strategy by attracting potential job applicants.

Normally, the quality of people hired is the key metric for measuring the effectiveness of the employment function, but in certain cases the speed of hiring may actually be a more significant contributor to quality hiring (Sullivan, n.d.). A good productive hiring is not a matter of putting an advertisement in the newspaper, setting up some chairs, and tables on the appointed day, and taking in some resumes to be followed up later. The purpose of a hiring event is to reach out to prospective employees and bring the specific kind of skills and experiences in the organization especially those which cannot be built from within (Shafique, n.d.). The question is how this could be possible.

The traditional hiring process involves advertisement of job positions to hiring of successful applicants but it has some own inherent weaknesses. The problem lies in the advertisement of job positions as it is costly to advertise through print media (e.g., newspapers or magazines). Hence the publication of job positions can only be advertised for a short period of time. Sometimes the application of geographically secluded job seekers who is competent enough get hampered as the resume does not reach the employer within the due date (Ruel, Huub JM 2007).

This problem can be addressed by an online recruitment system. Online recruitment is set to change the way in which companies recruit their workers. Online recruitment is a fundamental business process. It is the removal of complex and unnecessary paper works, and the introduction of streamlined workflow systems, reliable database applications, and efficient communication channels between job seekers and managers. "At a relatively low cost, the Internet offers employers and job searchers access to detailed and up-to-date information about job searchers and job vacancies in different locations around the world" [4, p. 94]. In this manner, companies can commit themselves to equal opportunities as job providers and can attract new and qualified candidates (Brencic, n.d.).

The most common reasons of using corporate or commercial websites in their recruitment were cost-effectiveness, ease of use for candidates, a larger candidate pool, ease of use for the organization, speed to hire, and company policy. On the other hand,

the less common reasons were success in finding candidates and keeping ahead of competitors. Moreover, a company uses online recruitment in order to reduce recruitment costs and to improve the efficiency of the recruitment process. These were the significant drivers for the adoption of both corporate and commercial websites. The need to “move with the times” or to “keep up with other organizations” is the primary motivation to adopt online recruitment.

Interviewees who had positive experiences of online recruitment believed that this form of recruitment could minimize the time taken to hire employees because posting advertisements on the Internet are faster. Interviewees also described that online recruitment is cost-effective since it reduced the use of paper. Online recruitment offered reduced recruitment costs, time-saving capability, quick response features in checking application status, and online resume development but all advertisements were supported by agreed job descriptions, person specification, and further information about the department or section in which the job was located (Grandy, 1987).

The BdJobs online recruitment system can shortlist the application forms according to years of experience, skills, and educational attainment relevant to the job vacancy. Other online recruitment websites i.e- Prothom-Alo Jobs, JobsA1 etc. can do it too. The system was able to provide sending of automated responses to qualified applicants. On the other hand, applicants could view further particulars of the post, which included background information concerning the company, department, the job description, and person specifications. They could fill out the application form online, and easily update their profiles.

However, the system was not capable of doing such task as detecting errors on entered data of applicants. The system could not determine whether the data provided by the applicants were correct. Typographical errors were not detected by the system. The system could not also verify if all skills, knowledge, experience, and education specified by the users were true.

METHODOLOGY

A both primary and secondary source of information was used to prepare the report.

Primary Sources: Questionnaire Method, Observation Method.

Secondary Sources: Company websites ,² BdJobs, Prothom Alo Jobs, Everjobs, JobsA1 etc. websites² , Books and Journals²

Population and Sampling

43-Sample size has been used in total from five different companies like Computer Source, Trust Bank, Action Aid, Daraz, Oppo.

The survey questionnaire was based on a structural questionnaire which has been answered in a ranking or rating pattern. Among 43 samples, 7 samples were from Action Aid, 7 samples were from Oppo, 9 samples were from Daraz, 10 samples were from Trust Bank and other 10 samples were from Computer Sources. This study period was from April 2016 to May 2016.

Hypothesis

A hypothesis is a proposed explanation made on the basis of limited evidence as a starting point for further investigation. Our hypotheses on this project are given below:

Hypothesis₀: 'There is a trend of E-Recruitment in organizations but it is not effective.'

Hypothesis₁: 'There is a trend of E-Recruitment in organizations and it is very effective.'

DATA ANALYSIS

A structured 15 questionnaires in a 5 point scale ranging from strongly agree (5) to strongly disagree (1) was developed for respondents view regarding parameters relating to the level of effectiveness and trend of e-recruitment. Descriptive statistics and indexing ($\log P01 = \sum \log [P1/P0 \times 100]/N$) have been used to identify the level of effectiveness of E- recruitment throughout the study.

Responses of 43 Employees Regarding E-Recruitment at Organizations & its Effectiveness:

Sl. No	Questions	Scale (1-5)					
1	Do you use any social media/website for recruitment? 1. Yes 2.No 3.Sometimes 4. Very Often 5. Rarely	Yes 33	No 1	Sometimes 5	Very often 4	Rarely 1	Index 2.01

2	Which recruitment website you use? 1. Bdjobs 2. Prothom Alo Jobs 3. jobsA1 4. amarcareer 5. others	BdJobs 28	Prothom Alo Jobs 8	JobsA1 10	Amarcareer 0	others 3	1.17
---	---	-----------	--------------------	-----------	--------------	----------	------

Sl. No	Questions	Scale (1-5)					
		Strongly Disagreed	Disagreed	Neutral	Agreed	Strongly Agreed	Index
3	Do you agree that e-recruitment is the fastest mode to apply for Jobs?	1	2	3	16	21	3.18
4	Do you think that E-Recruitment is an effective way to gather quality resumes than the old traditional method of Gathering?	1	1	7	18	16	3.18
5	Do you agree that E-Recruitment supports in bringing better qualified candidates in an Organization?	1	1	13	18	12	3.18

6	Do you agree that large pool of applications can be collected through e-Recruitment?	1	4	1	15	21	2.93
7	Do you agree that posting of jobs online is cost saving activity for the organization instead of advertising in the Newspaper?	1	2	6	15	19	3.18
8	Do you agree that E-Recruitment reduces the Recruitment and Selection cost?	1	2	1	28	14	2.93
9	Do you agree that E-Recruitment saves time in collecting quantity of Resumes?	1	1	3	16	23	3.18
10	Do you agree that qualified candidate hired through E-Recruitment increases the performance of an organization?	1	1	14	20	7	3.18

11	Do you think that candidate recruited through job portals motivates the current employees making them feel that the hired person is not appointed through any Referral?	3	10	8	13	9	2.93
12	Do you agree that qualified candidate recruited through E-Recruitment leads to the reduction in employee Turnover?	2	12	10	4	8	2.65
13	Do you agree that applying through job portals and social networking sites is more accessible to the Candidates?	1	1	4	24	13	3.18
14	Do you agree that in the competitive market E-Recruitment helps in recruiting qualified Candidate?	1	0	13	19	11	3.18

15	Do you agree that E-Recruitment plays an important role in organization Success?	2	2	12	15	12	3.18
	Average						2.84

FINDINGS

After doing primary and secondary data analysis, following scopes and limitations of E-recruitment and its effectiveness has been assessed:

Scope

- Lower cost to the organization. Also, posting jobs online is cheaper than advertising in the newspapers.
- No intermediaries.
- Reduction in the time for recruitment (over 65 percent of the hiring time).
- Facilitates the recruitment of right type of people with the required skills.
- Improved efficiency of recruitment process.
- Gives a 24 X 7 access to an online collection of resumes.
- Online recruitment helps the organizations to weed out the unqualified candidates in an automated way.
- Recruitment websites also provide valuable data and information regarding the compensation offered by the competitors etc. which helps the HR managers to take various HR decisions like promotions, salary trends in industry etc.

Limitations

Apart from the various scopes and benefits, e-recruitment has its own share of shortcomings and limitations.

Some of them are:

- Screening and checking the skill mapping and authenticity of millions of resumes is a problem and time consuming exercise for organizations.
- There is low Internet penetration, no access and lack of awareness of internet in many locations across Bangladesh.

C. Organizations cannot depend solely on the online recruitment methods.

d. In Bangladesh, the employers and the employees still prefer a face-to-face interaction rather than sending e-mails.

RESULTS

According to the primary data analysis, it is now clear that there is a trend of E-Recruitment in organizations and it is very effective.

Two hypotheses were made according to research topic. Where one of the hypothesis was:

‘There is a trend of E-Recruitment in organizations but it is not effective.

‘This hypothesis was null ($H=0$) means it was rejected.

On the other hand, another hypothesis was:

‘There is a trend of E-Recruitment in organizations and it is very effective.’

This hypothesis ($H=1$) was accepted as it is found out from the survey conducted in five different companies.

DISCUSSION

The effectiveness of online job recruitment system is based on FURPS (Functionality, Usability, Reliability, Performance, and Security) Quality Factors (Grandy, 1987). Only three quality indicators (Performance, Reliability, and Security) were selected from FURPS because only these three criteria were deemed applicable in this study. Moreover, Performance and Functionality were treated as one criterion since both referred to the effective processes of the software. Lastly, Cost-effectiveness was included since it was asserted that the software could save costs to the company.

Performance: Performance is the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost, and speed (Business Dictionary, n.d.). Here performance refers to the capability of online recruitment system to generate a list of applicants suitable for the job vacancy in a quick manner.

Because of online recruitment system, a job vacancy can be put in the morning where the first applications will arrive by lunchtime and by the end of the day, a candidate will be interviewed. Obviously, it is not like this. But the fact is that in online recruitment things can be done fast and it gives us the indication that the performance is good.

Company software could facilitate efficient filtering of qualified candidates and could provide a well-matched shortlist of qualified applicants. However, the system could not come up with recruitment policies which were free from errors and inconsistencies.

Internal Recruitment System in these companies is a manual process and hence filtering of qualified candidates is time consuming.

So, in terms of Performance company software is considered to be more effective than internal recruitment system.

Reliability: Reliability is the ability of a system to consistently perform its intended or required function on demand and without degradation or failure (Business Dictionary, n.d.).

Online Recruitment system is completely different in terms of reliability. On a website a job vacancy advertisement is there 24 X 7, for as long as we desire. Candidates can come back to have a look at it again and again. From Office Administrator to HR Director: they are all online and as it is an online system, it keeps on working without interruptions.

Company system could produce the required results with precision in terms of the quality of the applicant being hired for the job vacancy. It could filter out applicants' forms without anomalies and any form of discrimination. Moreover, it provided correct results with minimum expenditure of time and effort. Internal Recruitment System of these companies also produces the required results with precision in terms of the quality of the applicant being hired for the job vacancy.

Filtering out applicants' forms is done manually but human error may be present and the organization may not avoid any form of discrimination. However, it provided correct results with more expenditure of time and effort.

So, in terms of Reliability, company software is considered to be more effective than internal recruitment system.

Security: The extent to which a computer system is protected from data corruption, destruction, interception, loss, or unauthorized access (Business Dictionary, n.d.). Security is the availability of mechanisms that control or protect programs and data.

The mechanism to protect and control programs and data, and it provided its users passwords as security against unauthorized users (Pressman, n.d.). It is capable of securing the confidentiality of data received from different types of applicants.

In terms of security, the internal recruitment system of companies is not capable to control any kind of mechanism. It is the sole responsibility of the HR personnel to hold the confidentiality of data received from different types of applicants.

So, for Security issues, company software is considered to be more effective than internal recruitment system.

Cost-effectiveness: Cost-effectiveness refers to the justification on the amount spent for the investment which commensurate with effectiveness.

Posting a job vacancy on our own company website does not cost us anything, while putting on a job board usually costs some thousand taka. For recruitment through head hunters, the consultant fee for a candidate could be anything up to 20% of the first year's salary, and that advertising in a national newspaper can cost thousands, we can immediately see the cost savings with online recruitment but for this purpose advertisement needs to be done in our own web portal.

Recruitment through company requires certain amount money to be paid for each job posting no matter the desired candidates has been hired or not.

On the other hand Internal Recruitment system is more cost effective compared to online recruitment. But although no amount of money is paid as no vendor is related to it, this system also does not guarantee the desired candidate has been hired or not.

Finally, in it can be said that online recruitment is more efficient compared to the other means of recruitment such as print media advertising or internal recruitment. It could provide sufficient space to outline enough information for the candidate to understand the position and the institution. Moreover, it was capable of reaching potential employees at a shorter span of time.

RECOMMENDATIONS

Although these companies are more effective online job recruitment system than the Internal Recruitment system of most other companies it should develop an online job recruitment system through their own web portal. Whenever there is a vacancy, job postings will be made in the web portal and candidates can easily apply online by filling out their resumes in the database. This will also be cost effective because it will reduce reliance and costs on recruitment agencies. It will increase brand awareness by attracting candidates to our website. It will enhance candidate perceptions of the employer brand with fast response times. It will streamline communication between our company and qualified candidates. It will also build own talent pool to source for future job opportunities - sophisticated talent relationship management tools allow us to build a database of suitable candidates from past applicants or from previously identified targets. It can also measure success with a comprehensive set of reports, including reports on KPI's such as the average cost per hire, agency performance tracking reports

etc. This system can also be used to prepare data for HR balanced scorecards and benchmarking.

CONCLUSION

Today's business operations, including recruiting are streamlined by technological advances.

Online recruitment can attract candidates and aid the recruitment process. For online recruiting most recruiters use one's own company website, a third-party job site or job board, a CV database, social media or search engine marketing as part of the recruitment process. Employees are the backbone of every organization so to hire right is crucial for its success. Human Resource Department plays the key role in hiring, retention, and motivation of employees'. The effectiveness of online job recruitment system is based on Performance,

Reliability, Security and Cost-effectiveness. In terms of performance, reliability and security online recruitment is more efficient than internal recruitment system of different companies. However if different companies develop an online recruitment system in their own web portal rather than putting the advertisement in online websites, it will be cost effective and also brand awareness will be created. Based on all discussions in this report, it can be said that online recruitment system is more efficient compared to internal recruitment system of different companies.

REFERENCES

Action Aid. (2016, January). *ActionAid Bangladesh*. Available from <http://www.actionaid.org/bangladesh>

Barber L. (2006), *E-recruitment Developments* (Brighton: The Institute for Employment Studies)

Business Dictionary. (n.d.). Retrieved August 15, 2014, from Business Dictionary.com <http://www.businessdictionary.com/definition/performance.html#ixzz394HeNJ5H>

Business Dictionary. (n.d.). Retrieved August 15, 2014, from Business Dictionary.com: <http://www.businessdictionary.com/definition/reliability.html#ixzz394IhnI25>

Business Dictionary. (n.d.). Retrieved August 15, 2014, from Business Dictionary.com
<http://www.businessdictionary.com/definition/security.html#ixzz394KpxSgg>

Cappelli P. (2001), "Making the most of on-line recruiting", *Harvard Business Review* 79(3): 139-146.

Chapman D. S. and Webster J. (2003), "The use of technologies in the recruiting, screening, and selection processes for job candidates", *International Journal of Selection and Assessment* 11(2-3): 113–120.

Computer Source. (2016). Retrieved from Computer Source
Bd:<http://www.computersourcebd.com/>

Danialarj. (2013). Chase the Pace of e-HRM Step-by-Step. *E-recruitment; Types, Drivers and Challenges* Daraz. (n.d.). Retrieved from Daraz Bd: <https://www.daraz.com.bd>

Galanaki E. (2002), "The decision to recruit online: a descriptive study", *Emerald Career Development International* 7(4): 243-251.

García-Izquierdo A. L., Aguinis H. and Ramos-Villagrasa P. J. (2010), "Science–Practice Gap in e-Recruitment", *International Journal of Selection and Assessment* 18(4): 432-438.

Grady, R. B. and Caswell D. L. (1987), *Software metrics: Establishing a company-wide program*, New Jersey, USA: Prentice Hall

J. Sullivan, "Gaining a competitive advantage through increasing the speed of hire", <http://www.gatelyconsulting.com/PP15JS28.HTM>

KeyNote (2012), *E-Recruitment Market Assessment 2012*,
<https://www.keynote.co.uk/market-intelligence/view/product/10553/e-recruitment>
(accessed May 20, 2013).

Lang S., Laumer S., Maier C., Eckhardt A. (2011), "Drivers, challenges and consequences of E-recruiting: a literature review", *Proceeding: SIGMIS-CPR '11 Proceedings of the 49th SIGMIS annual conference on Computer personnel research*, ACM New York: 26-35.

O. Shafique (2012), "Recruitment in the 21st Century", *International Journal of Contemporary Research in Business*, Vol. 4, No. 2

Oppo Bangladesh. (n.d.). Retrieved from Oppo: <http://www.oppo.com/bd/>

Pearce C. G. and Tuten R. L. (2001), "Internet recruiting in the banking industry", *Business Communication Quarterly* 64(1)

Pin J. R., Laorden M., and Sáenz-Diez I. (2001), "Internet Recruiting Power: Opportunities and Effectiveness", International Research Centre on Organizations (IRCO), Research Paper no. 439, July.

Pressman R. S. (2001), *Software engineering: A practitioner's approach*, 5th edition. New York, McGraw-Hill

Ruel, Huub JM, Tanya V. Bondarouk, and Mandy Van der Velde (2007). "The contribution of e-HRM to HRM effectiveness: Results from a quantitative study in a Dutch Ministry." *Employee relations* 29.3

Market Corp., March 5, available at <http://research-us.bmocapitalmarkets.com/documents/4BD462AF-6564-450F-9A05-06A379E44584.PDF> (Accessed May 20, 2013).

Silber J. M. (2012), "Online Recruitment", US Business Services Research: BMO Capital

Smith A. D. and Rupp W. T. (2004), "Managerial challenges of e-recruiting: extending the life cycle of new economy employees", *Emerald online information review* 28(1)

Stone D. L., Stone-Romero E. F. , Lukaszewski K. (2006), "Factors affecting the acceptance and effectiveness of electronic human resource systems", *Human Resource Management Review* 16(2)

Suvankulov F., Lau M. C. K., Chau F. H. C. (2012), "Job search on the internet and its outcome", *Emerald Internet Research* 22(3)

Sylva, Hella, and Stefan T. Mol (2009), "E-Recruitment: A study into applicant perceptions of an online application system." *International Journal of Selection and Assessment* 17.3

Thompson L. F., Braddy F. W., Wuensch K. L. (2008), "E-recruitment and the benefits of organizational web appeal", *Computers in Human Behavior* 24(5)

V. Brencic, and J. B. Norris (2012), "Employers' online recruitment and screening practices", *Economic Inquiry*, Vol. 50, No. 1

Consistency of Bangladesh Patent Law with TRIPS

Mohammad Sayeedur Rahman¹

ABSTRACT

Bangladesh has recently achieved impressive advancement in social and economic performance. At present, it has to be exposed to innovation friendly governance and uplift its impression as a good custodian of IPRs to attract more foreign investment. Like many other areas, it is suffering with policy deficiency, as well as enforcement lacking, in IPRs regime. But as a signatory of the WTO, it has to be compliant with TRIPS. So, a hundred years old British colonial patent law is under questions of fitness with international standard and it is undergoing revision process. Policy options are required to be scrutinized to keep balance between international obligation and national interest i.e., economic implication of the patent law provisions. This paper tries out with some of such important issues of existing patent law of Bangladesh in light of TRIPS obligations and flexibilities.

INTRODUCTION

Background of the study

Bangladesh has achieved considerable social gains and fairly impressive economic performance in the past decade that indicates its enormous potential but it continues to remain as a development paradox as these achievements were made despite poor governance, an adverse domestic political environment, a lack of infrastructure and repeated natural calamities. As a leading least developed country (LDC) with high potential and remarkable economic progress, Bangladesh, is facing so many crucial challenges to move towards development that push aside the Intellectual Property Rights (IPRs) from becoming a priority for any corner of the society. So, the key issues related to Intellectual Property Rights have either been addressed only partially or left unaddressed. Signing to the international treaties including the agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) has obliged Bangladesh to rethink about its Intellectual property laws, particularly the patent law. Reformulation process of the patent law is passing through paradoxical situation because of divergence between fulfillment of the international obligations and reluctance or unawareness of inventors' society, business community and policy makers about the

¹ Management Counsellor, Research, Evaluation and Publication Division, Bangladesh Institute of Management

importance of IPRs as well as inadequacy of specialized and skilled professionals. IPR remains a hard to understand subject to almost every corner of the society. The limited number of patent applications by the residents (WIPO 2013), patent authority with very limited qualified staffs, few countable academic publications on patent law, very few number of specialized IPR attorneys and few number of IP litigation, weak demand side of IP learning and unavailability of IP knowledge providers are the indicators of this unawareness and reluctance about IPR. This may not be an identical fact for Bangladesh only but also similar or even more deter for other LDCs. The patent data and availability of academic literature can be used as proxy indicator for understanding the IPR regime of LDCs. The availability of literature on IPRs of advanced economies is huge and for developing countries it has been increased over last two decades, but, literature on IPRs of LDCs is comparatively still very limited. However, considering the international obligation to be TRIPS compliant the exercise on the policy options of the patent law of Bangladesh and derivation of their economic implications are deemed necessary not for only Bangladesh but for the other LDCs of similar condition.

Objective and Importance of the study

This paper deals with two folds of specific objectives:

- i. Develop a check list which can be useful for least developed countries to diagnosis their national patent law to make it TRIPS compliant.
- ii. Analysis of patent law of Bangladesh to make it TRIPS compliant.

As a LDC, Bangladesh is enjoying the transition period to be TRIPS compliant. The deadline of the transaction was initially granted until December, 2005. After that it has been extended for three times and lastly on June 11, 2013 WTO members agreed to extend the deadline of the transition period for the LDCs until July 1, 2021 to be compliant to protect the IPRs in accordance with TRIPS agreement. It is vital for the LDCs, like Bangladesh, to utilize the transitional periods properly to update their patent law regimes and other supporting governmental policy options so that after the expiration of the transitional period, LDCs can be able to balance pharmaceutical innovation and access to medicines (Azam 2014). For optimum utilization of this transition period requires rigorous academic exercise and cross disciplinary discussions on patent law to open up the options and probable socio-economic implications of the options. This paper attempts to add some of the essential notions to the ongoing exercise and discussion on patent law of Bangladesh.

LITERATURE REVIEW

By using standard search options a few books, articles and reports are found about patent law of Bangladesh. The literature on IPRs of Bangladesh is not even so large. All most all the available relevant literatures on patent law and TRIPS based on the national context of Bangladesh were reviewed. The academic and official exercises on rethinking about the IP regime, inherited from colonial era, are observed after signing of TRIPS agreement. The process of knowledge accumulation may be initiated earlier but the literatures on patent law of Bangladesh are available only since beginning of this century. In 2003, a report of law commission (Afzal & Sadeque 2003) proposed to substitute the prevailing Patent and Design Act, 1911 by enactment of a new law instead of suggesting amendments to that Act. This report also contains a draft of the proposed new law which is seemed to be influenced by both EU and US legislations. For example, it mentioned 'inventive step' as a patentability requirement but it include manufacturing process as a subject matter of patent. In the same year, a leading think-tank published an occasional paper that discusses linkage between international IP regime and importance of patent protection for local pharmaceutical industry of Bangladesh, policy options for Bangladesh IP laws for optimizing gain from the mentioned industry to be TRIPS responsive and suggests pre-2016 and post-2016 strategies as the transition period was scheduled to be ended by 2015 (VanDuzer T 2003). This paper also recommended higher patent protection, such as, limiting breadth of patent claims, high thresholds of novelty and inventive step, high level of patent disclosure, strong compulsory licensing.

Afterward, the issue relating, TRIPS obligations and the pharmaceutical industry of Bangladesh, had dragged the attention of the researchers and number of literatures are published on it which covers various aspects ranging from firm level commercial potentials under IP protection to the overall innovation capacity of the industry (Sampath 2007), (Azam and Richardson 2010), (Chowdhury 2011), (Royhan 2013). A book, 'TRIPS Agreement of the WTO: Implications and Challenges for Bangladesh' covers various aspects of implication of the TRIPS in Bangladesh including agriculture, public health, economic development and the way forward (Islam 2013). Earlier, an article named 'an overview of Protecting Intellectual Property rights in Bangladesh' cover a brief description on the related issues (Naznin 2011). Bangladesh has been included in a regional comparative analysis, of patent intensity, with India, Pakistan and Sri Lanka (Jana T *et al* 2014).

Two recent reports namely 'Draft Report on Developing National Intellectual Property Policy for Bangladesh: An assessment of National Intellectual Property System' and 'Draft Report on Innovation and Intellectual Property Policy and strategy for Bangladesh' have accommodated almost all the background information related to IP law and IP system of Bangladesh.

But, relatively a few academic exercises are available, particularly, on the specific provision of patent law of Bangladesh. 'Globalization Standard of Patent Protection in WTO Law and Policy Options for the LDCs: the Context of Bangladesh' is an exception which is a publication of the recent time and can be considered as a foundation block of the legal academic literature that provides specific suggestion on various provisions for the restructuring of the patent law of Bangladesh (Azam 2014).

In addition to these, various reports of World Intellectual Property Organization also provide useful guidance in understanding the issues related to Bangladesh patent law.

Existing IP legal framework of Bangladesh

The existing IP legal framework of Bangladesh is evolved from its early 20th century foundation of British colonial era. However, some new laws have been enacted and old ones under gone through few amendment processes. Bangladesh patent regime is governed by Patent and Design Act, 1911 (date of effect: 26 March, 1971, the date of Independence) and Patent and Design Rule, 1933 (Uddin 2014).

Development of Patent law in Bangladesh

The Patents and Designs Act, 1911, is the law in force in Bangladesh on patents and designs which was enacted in 1911, during the British colonial age, along with other provinces of Indian sub-continent, mainly on the basis of the principles laid down in the British Statute of Monopolies, Patents, Design and Trade Marks Act, 1883 and Patents and Designs Act, 1907.

The laws relating to patents and designs have, therefore, been consolidated in a single enactment in Bangladesh, namely, the Patents and Designs Act, 1911. The Act is divided into three parts. In part I laws relating to patents, in part II laws relating to designs and in part III general provisions have been included. In some countries, two separate acts prevail for patents and designs respectively. In India, a separate Patents Act was enacted in 1970 and the provisions relating to designs continue to be governed by the provisions of the Patents and Designs Act, 1911, and for the purpose suitable

amendments by way of omission, addition, substitution etc. were made in the Patents and Designs Act, 1911, by the Patents Act, 1970 (Act 39 of 1970).

The law commission report in 2003 opined that it would be convenient to keep the provisions relating to both patents and designs in one enactment as in the present Act. If the provisions relating to patents and the provisions relating to designs were made in a single enactment, the administering authority who would enforce the provisions relating to both patents and designs, would feel convenient if the authority found the provisions relating to both the matters in a single Act rather than in separate Acts (Afzal and Sadeque 2003).

Since enactment of the Patents and Designs Act, 1911, the concepts of patents and designs have undergone enormous development through decisions of courts around the world. In addition, a large number of international conventions have been adopted recommending enactment of uniform laws on intellectual property including patents and designs. The attempt for up gradation of law has started on 2003 but it is yet to be finalized. Bangladesh continues with (essentially) the inherited British law. A few minor amendments have been enacted such as the establishment of Department of Patent Design and Trademarks (Azam and Richardson 2010).

Features of current patent law in Bangladesh

According to the current patent law, a patent application is required to be accompanied with either a complete or provisional specification. If an applicant applies with a provisional specification, a complete specification is required to be submitted within nine months. If not, after a period of ten months the application is deemed to have been abandoned. A complete specification is required to include following particulars, such as: The name and address of the inventor, the title of the invention, an abstract or summary of the invention, a description of the invention, the process of invention with drawings and a claim or claims defining the scope of the invention for which protection is sought.

The application is then sent to an examiner for examination. The examination will trigger one of three outcomes: (1) the specification is correct and the invention is patent-worthy, or (2) the specification is not reflected any new invention and is rejected, or (3) the specification is accepted with modification or amendment. If the examiner raises no objections, the specification is published in the Gazette. Interested parties may raise objections within four months.

Importantly, in 2008 the Department of Patents, Designs and Trademarks suspended the patenting of pharmaceuticals in Bangladesh until 1 January 2016 in accordance with the Doha Declaration. The Department's notification provides that applications relating to patents for medicines and agricultural chemicals will be preserved in a 'mail box' and will be considered after January 2016 (Azam and Richardson 2010). But this notification is yet to be incorporated in the text of law.

Bangladesh under TRIPS obligation: consistency of Bangladesh Patent law with TRIPS

As a signatory to the TRIPS, Bangladesh is now in transition period for meeting the compliance deadline. However, it is pre-loaded with certain IPRs laws. Almost all of them are taken to serve the trade liberalising agenda and for protecting IPRs owners' interests, since they provide for similar treatment to IPRs owners irrespective of their country of origin. The IPRs laws in Bangladesh also contain broad terms for the extension of IPRs protection to any improvement or modification (Islam 2013). Bangladesh is under going through a process of amending of old IPRs laws as well as enactment of new IPRs laws. However, in this process of changing and enactment of such laws, the classical argument of principle of public interest, the application of the principle of balance of rights and obligations was adopted with the lock of the consistency test. As worded in TRIPS Article 8.2, any measure taken under the umbrella of this article must be "consistent with" the provisions of the TRIPS Agreement (Azam 2014). Some of the important legislative options for patent law of Bangladesh, such as, subject matters eligibility, disclosure requirement, duration of patent protection, provision for parallel import, provision for compulsory licensing, pre-grant and post-grant oppositions, are examined in the following discussion:

Patentability: subject matter eligibility

Article 27(1) of the TRIPS requires that patents shall be available for any inventions, whether products or processes, in all fields of technology, provided that they are new, involve an inventive step and are capable of industrial application. The agreement however allows a certain freedom of interpretation to members in respect of what constitutes an "invention", and how the requirements of novelty, inventive step and industrial applicability are determined (Thorpe, 2002). According to the existing Patent law of Bangladesh, any invention is patentable and the invention is defined as 'any manner of new manufacture that includes an improvement and an alleged invention. About subject matter eligibility, the TRIPS provision is not entirely clear and provision of existing patent law of Bangladesh has no direct conflict with TRIPS but it is very

ambiguous and difficult to understand its meaning. BD P&D Act, 2011, allows patent of both product and process, in legal text it is written 'patented article or process' but does not lay down any specific criteria of patentability of an invention nor even define the 'process'. Though it is not a compliance issue with TRIPS but still it is very important to define the process and its concept with business method. Specially, as the patentability of business methods is a debatable issue among the dominant jurisdictions of the present time (eBay Inc. v. MercExchange L.L.C. 2006 Ct. 1837, 2006) and (Kennedy, J., and Alice Corp. v. CLS Bank International 2014) The debate of patentability of business methods also include the question of patentability of software but there is no mention of patentability of the software in the existing patent law of Bangladesh whereas it is very important issue for the sharply growing Information and communication sector of the country.

TRIPS Art. 27(3)(b) provides that Members may exclude from patentability: plants and animals other than micro-organisms, and essentially biological processes for the production of plants or animals other than non-biological and microbiological processes. Alike software, there is no mention of patentability of genetic resources, plant or plant variety in the existing patent law of Bangladesh. But these policy issues have to be noticed for intensive exercise and implication analysis as Bangladesh economy has a traditional high dependency on agricultural sector. TRIPS does not contain any specific provisions concerning the patentability of inventions consisting of genetic material such as DNA sequences. Bangladesh may exclude such inventions by, most likely, rely on the morality exception of Article 27(2).

Patentability: need for rephrasing the definitions (of novelty, inventive step and industrial applicability)

To set the required level of the patentability, the meanings of 'Novelty and Inventive step' have to be clearly defined. In the existing patent law of Bangladesh, the term 'novelty' is not used but it is expressed with the term 'new' but there is no clear indication of 'globally' or 'territorially' new. Neither the term 'inventive step' nor 'non-obviousness' is used as a patentability criteria in the law under scrutiny but only once the term 'inventive step' is used in the section of petition for revocation of patent. In this context, TRIPS requires merely that inventions for which patents are sought should be new. The Agreement does not however define how the novelty of an invention should be assessed and in particular what constitutes the prior art against which this criteria is determined (Thorpe 2002). Though it is not a direct question of compliance with TRIPS but, no doubt, it is a fundamental issue that has to be decided under legal

provision of the patent law of Bangladesh. Most of the scholars opine for global novelty and higher inventive step. There is no counter argument about the novelty but for deciding about the inventive step suggestion can be made in favor of lower inventive step, as both the local innovation capacity and the number of filing of the patent is low in Bangladesh. Lower inventive step seems to be more supportive to the growth of local SME sector as well their attachment in the IP regime. More of those, absence of provision of utility model within the patent law also create argument in favor of lower inventive step.

Disclosure requirement

TRIPS Article 29 specifies the requirements that may be imposed on patent applicants. These include the requirement to 'disclose the best mode' for carrying out the invention as well as providing information concerning corresponding applications and grants. The patent law of Bangladesh, does not uses the term 'disclosure requirement' but strong procedural steps are described to provide the 'specification of the invention'.

To be TRIPS compliant the disclosure requirement has to be on best mode, but a relaxation is observed in American Invent Act, 2011 which is a recent adaptation of major initiator of TRIPS agreement. So, requirement of level of disclosure can be rethought up to a certain completeness of understanding of the specification as ensuring best mode is not always practically applicable.

Duration of patent protection

The existing patent law of Bangladesh, allows patent protection for 16 (sixteen) years from date of filing, whereas, TRIPS Article 33 specifies the requirement of the term of protection as not less than twenty year counted from the date of filing. So, to be TRIPS compliant, Bangladesh should extend its legal provision of minimum term of protection to 20 years from 16 years. It is mentionable that, in Bangladesh, though the term of protection is limited to 16 years, but still there is a provision for application of the extension of the term of protection least six months before the time limited for the expiration of the patent. The petition for extension of term of protection can be disposed of by the patent authority or even can be sent to High Court Division decision.

Provision for parallel import

The existing patent law of Bangladesh does not say anything on parallel importation, whereas, this issue is a subject to Article 6 of TRIPS which states that nothing in [TRIPS]

shall be used to address the issue of exhaustion of intellectual property rights. A WTO Member therefore has a degree of freedom in choosing the exhaustion of rights regime to apply in the patent field. So, this is a neutral provision. It does not impose any exhaustion regime (national, international or regional) leaving countries free to adopt the system that best suit their needs. The same open scope is reiterated in para.5(d) of Doha Declaration on the TRIPS Agreement and Public Health. But this self deciding scope is seen as a result of a compromise between countries supporting a national exhaustion system (namely industrial countries) and supporter of international exhaustion and parallel import, e.g. many developing countries and least developed countries and net importers of IPR-protected goods (Bonadio E 2011). Bangladesh has to utilize the TRIPS flexibility and, as a least developed country with cheap labour services, can be more benefited from international exhaustion than the national exhaustion regime. The other possibility of regional integration with the neighbouring countries is yet too far to foresee even after repeated attempt.

Provision for compulsory licensing

In the existing patent law of Bangladesh, one provision (section 22.1) provides for the grant of compulsory licensing, but the option is never been used, as it is extremely cumbersome (Chowdhury 2011). Article 31 TRIPS addresses compulsory licences and sets forth the conditions for their issuance. Its wording does not include the term 'compulsory licence', but it generally refers to "Other Use without Authorization of the Right Holder". This is probably due to political reasons and in particular to the fact that the Uruguay Round negotiators wanted to avoid using a strong word: indeed the term "compulsory licence" might have been perceived, especially in industrialised and R&D intensive countries, as synonym of expropriation of property rights (Bonadio 2012). However, Article 31 of TRIPS provides a series of detailed measures that must be followed when issuing a compulsory license. So, Bangladesh should go for strong and explicitly defined compulsory licensing provision which has to be compliant with the series of detailed measures described in the TRIPS provision.

Pre-grant and post-grant oppositions

In Bangladesh patent law, the pre-grant objection is limited by two conditions. The first is that the objection must be made within four months of the advertisement of the acceptance of application and the second is that the objection can only be based on the statutory grounds provided by section 9(1) of the Act. The TRIPS Agreement does not prescribe any specific type of opposition system, The existing Bangladeshi pre-grant

opposition regime is not sufficient and should be amended to include more extensive pre-grant heads of objection and include a process for post-grant opposition as well.

Leveraging the transition period and using TRIPS flexibility

Both the Government and the business leaders of Bangladesh are occasionally intended for lobbying for extension of the transition period and retain the position as a leader of least developed countries (LDCs) in the international bargaining processes. But the interest of the least developed countries are divergent, specially no least developed country has so intensive interest on ready-made garments and pharmaceutical sectors like Bangladesh. On the other hand, Bangladesh has already graduated to low middle income country and very much potential to be graduated to a middle income country by 2021, subject to its political stability. So, it becomes paradoxical to have a strong pledge to come out of LDC bracket by 2021, and simultaneously, to take initiatives to enjoy extension of transition period as a LDC beyond 2021. So, Bangladesh a limited time of 6 years to form out the patent regime as well as whole IPR regime to get the confidence of the foreign investors as well as to expand overseas market of own products. A comprehensive analysis of the economic implication of changes and alternative provisions of IPR law has to be done. For example, how many of the essential drugs are yet under patent protection and how much licensing fees may be required after expiry of the transition period has to be assessed. A comparative dynamics model has to be developed to assess the cost-benefit of reviewing the list of essential drug, benefit under transition, cost of compliance with international IPRs regime i.e., cost for licensing fees, effect of increased income of the poor people and their affordability of essential medicine, required rate of public subsidy in relation to the phase out of the patent protection of those medicine. More of that discussion about IPRs regime of Bangladesh is over concentrated on pharmaceutical sector. Bangladesh has that potential to have commendable improvement in other sectors like Information Technology. It may take initiatives to be benefited from technology transfer and to use of technologies which are already in public domain. By widening the thought line of actions, Bangladesh can take leverage of the transition period that may improve its poverty situation as well as affordability of essential medicine where IPR, more specifically patent law, will remain as a key issue. But definitely, to realize the optimum benefit of the transition period the improvement of the overall governance and enforcement of the law is a pre-condition.

CONCLUSION

As a leading least developed country Bangladesh has been playing a vital role for lobbying for extension of the transition period. The LDCs nominated Bangladesh as their coordinator at WTO again for the year 2015. But adequate internal initiative for utilization of the transition period, and be prepared to be competitive in the global market, is not evident enough, specially, in the areas of encouraging research and development sector, awareness building for innovation management by the local business houses, the capacity building and up gradation of the national patent office and enforcement of present IPR laws. In the comparison with the above mentioned factors the progress in law making is comparatively better in which a major setback is the delay in up gradation of the patent law. But the law is under process of drafting. So, this is very critical period of examine and re-examine of the provisions in the draft patent law before enactment of it. The provision of the law has to be complaint with TRIPS provision as well as in alignment of the national interest and non-conflicting with other national policies. Some of the vital issues are discussed in this paper but lot of other issues, such as, general exceptions, research exceptions, 2nd medical use, multiple independent claims, grace period, protection of undisclosed information, utility models, and improvement patents remained uncovered. More scholastic discussions are required in this regard as it is very essential for a country at the take off period like Bangladesh as well as it can be an eye opener for other least developed countries to be aware of taking timely measures about their own patent regimes.

REFERENCES

Afzal, ATM & Sadeque, AKK (2003), Final Report on The patents and design act, 200_, Bangladesh Law Commission, Dhaka.

Azam MM (2014), 'Globalization Standard of Patent Protection in WTO Law and Policy Options for the LDCs: the Context of Bangladesh', Chicago-Kent Journal of Intellectual Property, Vol.13, no.2. pp.401-488..

Azam MM & Richardson K (2010), 'Pharmaceutical Patent Protection and Trips Challenges for Bangladesh: An Appraisal of Bangladesh's Patent Office and Department of Drug Administration', Bond Law Review: Vol. 22, No. 2, pp 1-15.

Bonadio E (2011), 'Parallel Imports in a Global Market: Should a Generalised International Exhaustion be the Next Step', *European Intellectual Property Review*, Vol.33, No.3, pp. 153-161.

Bonadio E (2012), 'Compulsory Licensing of Patents: The Bayer/Natco Case', *European Intellectual Property Review*, Vol. 34, No.10, pp. 719-728.

Chowdhury MAA (2011), 'TRIPS and innovative capacity of Bangladesh's pharmaceutical industry: promotion of access to essential medicine', Research Paper, LLM in Intellectual Property, University of Turin, Turin.

Dhar, B & Rao CN (2005), 'Third Amendment to patents act: Reflections on a TRIPS-Compliant Law', *Economic and Political Weekly*, Vol. 40, No. 15.

Islam MT (2013), *TRIPS Agreement of the WTO: Implications and Challenges for Bangladesh*, Cambridge Scholars Publishing, Newcastle upon Tyne, UK.

Jana T, Dulakakhoria S, Wadia N, Bindal D and Tripathi A (2014), 'Patenting trends among the SAARC nations: comparing the local and international patenting intensity', *Current Science*, Vol. 106, No. 9, pp. 1190-1195.

Levine R (2005), *Endowment and Property Rights*, National Bureau of Economic Research, Cambridge, UK.

Naznin SMA (2011), 'Protecting Intellectual Property rights in Bangladesh: An Overview', *Bangladesh Research Publications Journal* Vol.6, no.1 pp.12-21.

Royhan P (2013), 'Market access challenges and opportunities for Bangladesh pharmaceutical products under TRIPS', *Journal of Intellectual Property Law & Practice* Volume 8, Issue 12 Pp. 932-938.

Saint-Georges M and Pottelsberghe de la Potterie BV (2011), *A quality index for patent systems*, ECARES working paper 2011-010 (first draft).

Salim R. A., (2003), 'Economic Liberalization and Productivity Growth: Further Evidence From Bangladesh', *Oxford Development Studies*, Vol. 31 No.1, pp. 85-98 .

Sampath PG (2007), *Innovation and Competitive Capacity in Bangladesh's Pharmaceutical Sector*, Working Paper Series #2007-031, UNU-Merit, Maastricht.

Thorpe P (2001), *Study on the Implementation of the TRIPS Agreement by Developing Countries*, Commission on Intellectual Property Rights, London.

Uddin MK (2014), Draft Report on Innovation and Intellectual Property Policy and strategy for Bangladesh, Institute of Appropriate Technology, Bangladesh University of Engineering and Technology (BUET), Dhaka, commissioned by WIPO, 2014.

VanDuzer T (2003), TRIPS and the Pharmaceutical Industry in Bangladesh: Towards a National Strategy, Centre for Policy Dialogue (CPD) Occasional Paper Series, Dhaka.

World Intellectual Property Organization (WIPO) Secretariat, 2010, Patent Related Flexibility in the Multilateral legal Framework and their Legislative Implementation at the National and regional levels , Fifth Session, WIPO Committee on Development and Intellectual Property (CDIP) CDIP, Geneva.

World Intellectual Property Organization (WIPO) Secretariat, 2011, Patent Related Flexibility in the Multilateral legal Framework and their Legislative Implementation at the National and regional levels – part II, Seventh Session, WIPO Committee on Development and Intellectual Property (CDIP) CDIP, Geneva.

WIPO Economics & Statistics Series, 2013, World Intellectual Property Indicators, Geneva.

Reward Strategy: Comparing Performance-related Pay and Team-based Pay

Kanij Fatama Zaman¹

ABSTRACT

Rewards are exclusive extrinsic motivators. It is often questioned that whether effective strategy should focus either on individual performance or team performance. The paper will address this dilemma for suggesting an effective reward strategy.

The basic concept of Human Resource Management in the mid-1980s led to the recognition that the workforce was one of the most important instruments to achieve competitive advantage and how they were recruited, trained, challenged and involved became critical components in ultimate organizational success. In each of these components, reward issues play a major role to produce a well-oiled high-performance people machine, focused on organizational objectives (Stredwick, 2000). Depending upon the organizational objectives, top-level managers need to formulate their reward strategies and align them with the organization's overall strategies. Organizations' aims are to be ranked among the leaders in providing excellent customer service and in contention to be listed in best companies to work for, certainly should have a contemporary and effective reward strategy to attract best people of the market and should be able to maximize the potentiality of their workforce. This paper will focus on different reward strategies and a comparison between performance-based pay and team-based pay.

Armstrong and Murlis (2007) state, reward management is concerned with the formulation of and implementation of strategies and policies that aim to reward people fairly, equitably and consistently in accordance with their value to the organization. They suggest, in order to achieve these aims reward management should focus on long term issues strategically and relate to the values of people of what they do and what they achieve. According to Taylor's scientific management concepts, people are primarily motivated by economic gain and therefore, the prospect of more pay is sufficient to bring about an increase in the desired behaviour (Wright, 2004). However, the principal-agent theory assumes that employers want high levels of effort relative to pay from employees, while employees want the reverse (Wright, 2004). At the same time, the employees are less informed than the employers about the employers' action.

¹ Assistant Professor, Northern University Bangladesh

However, Milkovich and Newman (1996) request the modern organizations to be more open about pay in order to gain greater satisfaction with their pay and the system to determine with (cited in Wright, 2004, p. 9). Nevertheless, rewards and incentives are the loudest and clearest ways leader of an organization can send message about what they consider important (Cacloppe, 1999).

According to classical agency theory, when the interests of the employees and the organization are misaligned, employers try to design their reward strategies in such a way that encourages employees to act in their employers' best interests (McCausland *et al*, 2005). Mirlees (1976) and Holmstrom (1979) were among the first to demonstrate the theoretical dominance of performance-related pay (PRP) over alternative reward systems when monitoring effort is costly and imperfect (cited in McCausland *et al*, 2005, p. 637). Barth *et al*. (2008) also argue, when it is costly or impossible to directly observe effort and sort out the influence of the stochastic factor, the firm may benefit from implementing an incentive pay scheme in order to motivate workers to supply effort. Heery and Noon (2001) state, performance related pay can be defined in two ways (cited in Perkins and White, 2008, p. 162). First, it can depict the broad class of payment systems which relate pay to some measure of work performance. As such, it can embrace profit sharing, merit pay, gainsharing, piecework, sales incentives and other output-based pay systems. Second, it can refer to individualized systems in which salary increases are related to the results of performance appraisal. This latter usage corresponds to appraisal-related or merit pay (Perkins and White, 2008).

Both expectancy theory and equity theory could be potentially applied to the practice of performance pay (Wright, 2004). According to the expectancy theory, introduction of PRP could be worthy if employees believe that they are able to achieve the set objectives and managers will recognise and reward good performance. However, Wright (2004) argues, lack of transparency, problems in measuring outcomes or setting objectives and/or isolated incidences of favouritism in application of the process could be enough to undermine the whole process provided that expectancy theory were to work in practice. On the other hand, equity theory depicts that employees evaluate their reward in relation to their input with others and consider they are equitably rewarded, relatively under-rewarded or over-rewarded (Wright, 2004). Wright (2004) also suggests, two people with same pay outcome in an organization may consider fairness in a different way, because they are comparing their experience with different people. As a result, performance related pay may generate confusion and frustration if the process is not properly designed and implemented.

Wright (2004) claims, it is difficult to interpret the evidence on association between high corporate performance and the existence of performance pay. Pearce (1987) argues, individually contingent pay is based on the false assumption that market-type contracts are appropriate to the social contract between employer and employee (cited in Perkins and White, 2008, p. 165). He also asserts, most kinds of organizations succeed because of co-operation among their members, not because of members' discrete, independent performance. While criticizing performance related pay, Pfeffer (1998) argues, its nature is unclear and the practice of individual PRP is an expensive, time-consuming activity in many organizations (cited in Wright, 2004, p. 118). He also believes, it undermines teamwork, encourages a short-term focus, and leads people to believe that pay is not related to performance at all but to having the 'right' relationships and an ingratiating personality. According to Armstrong and Murlis (2007), the extent to which contingent pay schemes like PRP motivates is questionable since money may possibly motivate those who receive it but it can demotivate those who don't. They also believe, the numbers who are demotivated could be much higher than those who are motivated.

From the above discussion, it is quite perceptible that different drawbacks of individual performance related pay tends create an imbalanced reward strategy. Organizations must modify their reward strategy to overcome these drawbacks and should redesign their pay policies which will promote their overall business objectives. At the same time, their reward strategy should not ignore the importance of individual contribution and should introduce a reward strategy which will emphasise both individual and team performance. Keeping the performance related pay in mind, this paper proposes the team based pay scheme where the employees will be rewarded on the basis of their team performance. The following sections will point out the design of team based reward strategy and implementation plan in details.

CONCEPT OF TEAM

In order to develop a team reward strategy, it is necessary to understand the concept of team. Katzenbach and Smith define team as, 'a small number of people with complementary skills who are committed to a common purpose, performance goals and approach for which they hold themselves mutually accountable' (cited in Armstrong and Murlis, 2007, p. 368). Zobel (1998) states, team members are linked by what they do, how they do it, and the results of their efforts.

TYPE OF TEAMS

Teams are classified by the type of work that they do and how that work is accomplished (Zobel, 1998). Perkins and White (2008) assert, team reward

strategy is formulated depending upon the form of team working adopted by organizations. Both Zabal (1998) and Perkins and White (2008) identify three types of common team:

Parallel or Problem solving teams: employees participate part-time on team activities in addition to normal work assignments (such as quality circle).

Project or Time based teams: full time team members committed to completing a project within a given timescales and in which membership may vary over time.

Process or Work teams: employees are permanently committed to the team and actively participate in an entire work process. Such teams tend to involve multi-skilling, with each member of the team trained to perform the full range of tasks within the team.

This paper propose to adopt the Process type team formation for Top Travel. Being a service-based company, Top Travel will be focusing on developing multi-skilled employees. The teams will be highly interdependent, both on members of the team and other similar teams and semi-autonomous teams. All the teams will be operated under strong external supervision of line managers. Initially, successful practices of Italy team will be followed and line managers from that team along with other UK managers will supervise the pilot project to achieve greater success.

MEASUREMENT OF TEAM PERFORMANCES

The team members along with line managers will develop a competency framework which will include factors that influence process and behaviour outcomes and they should be aligned with organizational objectives. Factors like communication, decision making and problem solving, leadership and teamwork ability, accountability could be considered initially. But the team members will come out with the factors so that they can easily understand the measures are used to evaluate their performances.

Distribution of Rewards:

The motive to introduce new reward strategy is to emphasize on teamwork so the individuals' contributions to foster team performance need to be valued carefully. At the same time, pay equity and motivation to work as a team member need to be valued. The top-level managers must ensure that all the employees will be valued equally for their contribution and they will be paid at a higher rate than the market rate to motivate them to adopt the new strategy and perform better in a team.

There will be three types of reward categories used in this pilot project which is adopted from the Zobel's (1998) research paper about team compensation system.

1. Base pay and base pay adjustments: The employees will be primarily compensated by base pay and it will be calculated through market pricing, job evaluation and market comparison along with competencies acquired by employees. The base pay will be adjusted over time when the employees acquire higher level of knowledge and skills, increase merits and changes cost of living. The base pay will be paid monthly.
2. Other financial rewards: The team members will be given other financial rewards on the accomplishment of pre-determined goals. Each member of the team will receive same cash sum through a collective short term reward strategy. The gainsharing approach will be used to provide bonuses or incentives. Among the different traditional gain-sharing plans, Improshare will be used and the employees will be paid quarterly. There will be some established standard which will define the expected hours needed to produce an acceptable level of output, based on work-measurement techniques. Any savings from the achievement of greater output in fewer hours will be shared between team members as well.
3. Non-financial Rewards: There will be a dinner party arranged in every quarter to celebrate teams' success. Team members will nominate one employee as employee of the period from each team. Other than that all the present facilities will be provided as well.

IMPLEMENTATION TIME SCALE

Since the all organizations' target is to be ranked at the top, the new proposal should be implemented as early as possible so that any modification could be done immediately. At the same time, the employees will be given sufficient time to cope up with new system. The competency framework and other strategies will be formulated first and the employees will start working in a group and follow the policies in the following three months. Finally, the pilot project will be implemented and continuous modification will take place considering the outcomes.

JUSTIFICATIONS OF THE PILOT PROJECT

The reason behind the shift from individual PRP to team based pay is to ensure the desired optimal performance of employees. According to Gross (1995) and Johnson (1993), recent surveys show that the top reasons to implement team based pay were to

improve customer satisfaction, productivity and product and service quality but the main reason that teams have become so popular is due to their impressive track record (cited in Zobal, 1998, p. 237). Armstrong and Murlis (2007) also argue, the reason for developing team rewards is the perceived need to encourage group endeavour and cooperation, rather than concentrate only on individual performance. Cacloppe (1999) believes, in order to respond to the technological, competition and customer requirements, organizations are shifting to the team based pay and using empowered front line staff who function on teams is the best way to provide rapid response to changes in customer needs as they occur. Organizations like Federal Express, reduced service problems, such as incorrect billing and lost packages, by 13 percent as a result of moving to teams, Proctor and Gamble reported 30-40 percent increases in productivity due to their team-based plants and companies like Motorola, AT&T and Xerox also reported success for introducing team based pay (Zobal, 1998). However, despite the scepticism voiced by some academics, a quarter of UK employers now recognize teamworking in their pay systems and another 17 percent are actively planning its introduction (Brown, 1996).

The reason behind introducing basic pay is to attract and retain the top performers considering long term perspective. If basic salaries are set competitively, there will be less temptation to 'fudge' the incentive payments in lean years because employees will become more dependent than they should on 'risk or variable' payments (Armstrong and Murlis, 2007). The concept of dividing other financial rewards in team level rather than individual level is to promote the pay equality in teams. On the other hand, the choice of gain sharing is crucial and adequate since the research evidence on the effects of gain sharing is quite positive (as Sheild 2007 cited in Perkins and White, 2008, p. 221). The advantages of gain sharing are that rewards are closely related to monetary gains that employees can directly influence and it also improves employee commitment and reduce supervision needs (Perkins and White, 2008). Apart from these non-financial rewards will foster the desired behaviour and motivate to accomplish a particular goal (Zobal, 1998).

Finally, this paper propose a shift from individual PRP to team based pay strategy through a pilot project. However, it is quite difficult to recommend a single strategy which will work like a panacea for all reward problems. Customization could be the best way to make the reward system effective by aligning it with organizational structure, business strategy, performance management system. Last but not the least, the success of any reward strategy vastly depends on the success of the implementation of that strategy.

REFERENCES

- Armstrong, M. (2007), *A Handbook of Employee Reward Management and Practice*, 2nd edition, London: Kogan Page.
- Armstrong, M. and Brown, D. (2006), *Strategic Reward*, 1st edition, London: Kogan Page.
- Armstrong, M. and Murlis, H. (2007), *Reward Management*, 5th edition, London: Kogan Page.
- Bamberger, P.A. (2009) 'Team-based reward allocation structures and the helping behaviors of outcome-interdependent team members', *Journal of Managerial Psychology*, vol. 24, no. 4, pp. 300-327.
- Barth, E., Bratsberg, B., Haegeland, T. and Raaum, O. (2008) 'Who pays for performance?', *International Journal of Manpower*, vol. 29, no. 1, pp. 8-29.
- Belfield, R. and Marsden, D. (2003) 'Performance pay, monitoring environments, and establishment performance', *International Journal of Manpower*, vol. 24, no. 4, pp. 452-471.
- Borrelli, G., Cable, J. and Higgs, M. (1995) 'What makes teams work better?', *Team Performance Management An International Journal*, vol. 1, no. 3.
- Brown, D. (1996) 'Team rewards: lessons from the coal-face', *Team Performance Management: An International Journal*, vol. 2, no. 2, pp. 6-12.
- Brown, D. and Armstrong, M. (1999) *Paying For Contribution*, 1st edition, London: Kogan Page.
- Cacloppe, R. (1999) 'Using team - individual reward and recognition strategies to drive organizational success', *Leadership and Organizational Development Journal*, vol. 20, no. 6, pp. 322-331.
- Dickinson, J. (2006) 'Employees' preferences for the bases of pay differentials', *Employee Relations*, vol. 28, no. 2.
- Frick, B. and Prinz, J. (2003) 'Pay inequalities and team performance: Empirical evidence from the North American major leagues', *International Journal of Manpower*, vol. 24, no. 4, pp. 472-488.

McCausland, W.D., Pouliakas, K. and Theodossiou, I. (2005) 'Some are punished and some are rewarded', *International Journal of Manpower*, vol. 26, no. 7/8, pp. 636-659.

Perkins, S.J. and White, G. (2008) *Employee Reward: Alternatives, Consequences and Contexts*, 1st edition, London: CIPD.

Stredwick, J. (2000) 'Aligning rewards to organizational goals - a multinational's experience', *European Business Review*, vol. 12, no. 1, pp. 9-18.

Willems, I., Janvier, R. and Henderickx, E. (2006) 'New pay in European civil services: is the psychological contract changing?', *International Journal of Public Sector Management*, vol. 19, no. 6, pp. 609-621.

Wright, A. (2004) *Reward Management in Context*, 1st edition, London: CIPD.

Zobal, C. (1998) 'The 'ideal' team compensation system - an overview: Part I', *Team Performance Management*, vol. 4, no. 5, pp. 235-249.

Zobal, C. (1999) 'The 'ideal' team compensation system - an overview: Part II', *Team Performance Management*, vol. 5, no. 1, pp. 23-45.