

World Journal of Business Management

World Research Organization

Isis Press



Vision

To be the World's Advocate for Research and Sciences

**World Research Organization
Isis Press**

World Journal of Business Management

Quarterly Publication
ISSN: 1819-8589 (Print)
Volume 2007; Issue 2

Executive Editor: Prof. Demetris Vrontis
Intercollege, Cyprus
Website: <http://www.unwro.org/isispress.html>

For more information or to order the World Journal of Business Management,
<http://www.unwro.org/isispress/journals/wjbam/index.html>

Urge your library to subscribe today!

With your library's print subscription, the electronic edition of the journal can be made available campus-wide to all library users!

Contact Details

P.O. Box 1919. Cape Town. South Africa 8000
Email: info@unwro.org Editorial Office: editorialoffice@unwro.org

© World Research Organization. All Rights Reserved

Disclaimer

Copyright of this journal as a whole is vested in the World Research Organization (WRO), and no part may be reproduced in whole or in part without the express permission, in writing, of the WRO.

It should be noted that any opinion expressed are the responsibility of the individual authors and not of the Executive Editor, Editorial Committee, Editorial Board, or any of the WRO/Isis Press funders, sponsors or employees.

Executive Editor

Demetris Vrontis. *ABA, CVT, BSc (Hons), PGCE-HE, MBA with Distinction, PhD*
School of Business, Intercollege, Cyprus

Editorial Board Members

Zafar Ahmed
University of Texas
USA

Salim Al-Ghamdi
King Fahd University of
Petroleum and Minerals
Saudi Arabia

Ilan Alon
Rollins-China Center, Rollins
College, USA

Robert Anderson
University of Regina
Canada

Kurt April
University of Cape Town
South Africa

P. Bucklin
California University -
Berkeley, USA

Sonia Bendix
Cape Peninsula University of
Technology, South Africa

Annekie Brink
University of South Africa
South Africa

Mike Cant
University of South Africa
South Africa

David Crombie
University of Cape Town
South Africa

Leo Dana
University of Canterbury
New Zealand

Teresa Dana
Christchurch College of
Education, New Zealand

Francois De Wet
Stallenbosch University
South Africa

Gabriel Du Toit
University of South Africa
South Africa

Alain Fayolle
Grenoble Institute of
Technology, France

David Frenkel
Ben Gurion University
Israel

Gila Fruchter
Bar-Ilan University
Israel

William Fox
Cape Peninsula University of
Technology, South Africa

Amira Galin
Tel Aviv University
Israel

Richard Geml
University of Applied
Sciences Kempton, Germany

Spyros Hadjidakis
Intercollege
Cyprus

Peter Jones
University of Gloucestershire
Poland

Demetri Kantarelis
Assumption College
USA

Nicos Kartakoullis
Intercollege
Cyprus

Hans-Ruediger Kaufmann
Intercollege
Cyprus

Angelika Kokkinaki
Intercollege
Cyprus

Mansour Mourad
King Fahd University of
Petroleum and Minerals.
Saudi Arabia

Alberto Mattiacci
University of Sienna
Italy

Said Oukil
King Fahd University of
Petroleum and Minerals.
Saudi Arabia

Lois Petros
Intercollege
Cyprus

Kenneth Pries
Bin Gurion University
Israel

Constantinos V. Priporas
University of Macedonia
Greece

Mohammed Ramady
King Fahd University of
Petroleum and Minerals.
Saudi Arabia

Mahamed Raja
University of South Africa
South Africa

Tzvi Raz
Tel Aviv University
Israel

Melville Saayman
North West University
South Africa

Afaf Saeed
Ajman University
United Arab Emirates

André Slabbert
Cape Peninsula University of
Technology, South Africa

Alaa Soliman
Leeds Metropolitan University
UK

Lutz Sommer
University of Applied
Sciences, Germany

Klaus Spremann
Universität St. Gallen – HSG,
Switzerland

Dimitrios Koufopoulos
Brunel University
United Kingdom

Alkis Thrassou
Intercollege
Cyprus

Louise Van Scheers
University of South Africa
South Africa

Henning Von Winning
University of Applied
Sciences, Liechtenstein

Tihmor Vranešević
University of Croatia
Croatia

Lorenzo Zanni
Università degli Studi di
Siena, Italy

Dariusz Zarzecki
University of Szczecin
Poland

Table of Contents

Preface	1
Editorial	2
Article 1	
Rational Expectations and Saudi Stock Market Individual Investor Behaviour Mohamed Ramady and Amin Nehari-Talet	3
Article 2	
Research on Customer Satisfaction: antecedents and consequences Hans Ruediger Kaufmann and Griselle Giesinger	14
Article 3	
Consumer Protection Awareness in South Africa Roger Mason	27
Article 4	
Employee commitment and leadership styles: a comparative study at a Namibian Industry Mario Denton and Maritza Titus	36
Article 5	
Influences on Clothing Perception and Preferences among Women aged 18-55 years: A Conceptual Framework Rose Otieno* and Linga R. Shweta	47
Article 6	
Implementation of Enterprise Resource Planning at Carlsberg Brewery in Cyprus Angelika Kokkinaki, Harry Kogetsidis and Yiannos Spanias	59
Notes for Contributors	69

Preface

The study of business management is coming of age, marked by establishment of this new journal and a growing number of research-based articles and books. In some ways this field is merely the application of mainstream business and management theories and practices to businesses settings. However, there are sufficiently unique challenges and applications to justify a separate journal and specific research approaches.

'Business Management' fits into the generally recognised businesses category and includes Small and Medium Enterprises, and encompasses Micro businesses as well. Although the definition of these terms varies (i.e., what is micro, small or medium?), it is clear that they are substantially different from large firms. 'Business Management' encompasses a number of closely-related lines of inquiry, including strategic management, finances, entrepreneurship and other business studies. It relies heavily on a number of disciplinary contributions, including management, economics, sociology and psychology. There is ample scope for connecting small business issues to many mainstream topics.

Indispensable to scholars, business professionals, and students, The ***World Journal of Business Management*** is an applied, internationally oriented business management journal designed to help practitioners and researchers stay abreast of the latest developments in the field as well as facilitate the exchange of ideas. The journal addresses critical competency areas that will help practitioners be successful in this growing field now and into the future. The journal publishes research, analysis, and inquiry into issues of importance to the business community, from theoretical insights to empirical analyses of data and practical management strategies. Articles in the journal examine emerging trends and fast-changing concerns faced by domestic and international business communities, from a comprehensive range of areas, including business finance and investment, money and banking, marketing, security markets, business economics, accounting practices, social issues and public policy, management organization, statistics and econometrics, administration and management, international trade and finance, and personnel, industrial relations, and labour.

Demetris Vrontis, *FCIM, MAM, ChMC, CBC*
ABA, CVT, BSc (Hons), PGCE-HE, MBA with Distinction, PhD
Executive Editor
World Journal of Business Management

Editorial

Dear readers of the World Journal of Business Management

We are delighted to present the second issue of the World Journal of Business Management. Our mission is to continue to provide a platform for debate and dissemination of research findings, new research areas and techniques, conceptual developments, and articles with practical application to any business industry segment. The journal features conceptual, empirical and case study papers, and the editorial policy is to invite the submission of manuscripts from academics, researchers and industry practitioners.

Our editorial policy is to promote articles from the world of academia, research, and industry and encourage the submission of fresh, modern, unconventional manuscripts which pioneer groundbreaking developments and applications that may embrace the course of business in the future. The Editorial Board is mainly looking for articles about new trends, developments and applications that are likely to affect business in the future. The views expressed in the articles are those of the authors, and do not necessarily represent those of the Editorial Board of the World Journal of Business Management.

In this issue we feature a paper by Mohamed Ramady and Amin Nehari-Talet that examine the rational expectations and Saudi stock market individual investor behaviour; Hans Ruediger Kaufmann and Griselle Giesinger research on customer satisfaction: antecedents and consequences; and Roger Mason investigates consumer protection awareness in South Africa. In a case study, Mario Denton and Maritza Titus explore employee commitment and leadership styles in a Namibia bank. In a research study into the influences on clothing perception and preferences among women aged 18-55 by Rose Otieno and Linga R. Shweta; In addition, Angelika Kokkinaki, Harry Kogetsidis and Yiannos Spanias examine the implementation of enterprise resource planning at Carlsberg brewery in Cyprus;

We believe that we have introduced varied and fascinating topics for our readers and hope that you find Volume 1, Issue 2 of World Journal of Business Management to be both interesting and valuable.

Demetris Vrontis, *FCIM, MAM, ChMC, CBC*
ABA, CVT, BSc (Hons), PGCE-HE, MBA with Distinction, PhD
Executive Editor
World Journal of Business Management



Rational Expectations and Saudi Stock Market Individual Investor Behaviour

Mohamed Ramady* and Amin Nehari-Talet

College of Industrial Management, King Fahd University of Petroleum and Minerals, Saudi Arabia

* Corresponding author; P.O. Box 5075, Dhahran 31261, Saudi Arabia, Email: ramadyma@kfupm.edu.sa, Tel: +966-3-860-1605

Fax: 00966-3-860-1605

Abstract

The theory of rational expectations is based on the assumption that individuals, in deciding how to act, will make use of the information that is currently available. This paper attempts to explain the major motives that drive Saudi individual stock traders (SIST's) and whether they are driven by rational expectations. The Saudi market has witnessed significant rises and sharp falls over the past few years. An in-depth sample interview of 400 SIST's was carried out, as well as 750 self-administered questionnaires. Respondents were asked to provide information up to the period ending 2005, which was the Saudi stock bull run. The study showed a correlation between education, stock market training and returns on the Saudi stock market. Trading based on "others' opinions" and rumours significantly affected market sentiment and returns. The study seemed to indicate that rational expectations were not the prevalent basis for trading and that market prices did not reflect all information.

© 2007 World Research Organization. All rights reserved

Keywords: Rational expectations, Investor behaviour, Saudi market, Rational investments, Profitability, Risk

Citation: Ramady, M. & Nehari-Talet, A. (2007). Rational expectations and Saudi stock market individual investor behaviour. *World Journal of Business Management*. 1(2) 3-13

1. Introduction

The Saudi Stock Market has witnessed one of the most explosive growths in a short period of time, with the All Share *Tadawul* Index rising from 2,300 levels in 2001 to a peak of 20,600 in February 2006 (SAMA, 2007). The market has however, been characterized by extreme volatility, and perceived lack of transparency and stock market price movements' uncorrelated to economic fundamentals. As of December 2006, the *Tadawul* Index had fallen to a 2 year low of 7,000 levels and investor confidence seemed to be at an all time low (Harnware, Dec. 2006, Ramady, 2007). This paper attempts to explain the major motives that drive Saudi Individual Stock Traders (SIST), and whether or not they are driven by rational expectations, given the operating structure of the current Saudi stock market.

Trading in stock markets, either through individual holdings or through mutual funds, has been growing in popularity by investors throughout the world who see it as a means of risk diversification or making capital gains over the long run. Saudi Arabia is no exception. It has been estimated that the number of individual stock traders have risen from about 50,000 investors in 2002, to around 500,000 in 2005 (SAMA, 2007). This represents about three per cent of the total Saudi population. There are many reasons why stock market trading became popular for all sections of society and genders. The fall in fixed income investment, as the dollar and Saudi Riyal's linked interest rate declined over the period 2002-2005. The repatriation of Saudi funds held in the USA post September 11th 2001, and the rise in oil prices and increased government spending over the past two years are contributing factors (Ramady, 2005). Whatever the motive, those who were

lucky enough to be in the Saudi stock market, made 70 per cent during 2005, and 225 per cent over a five year period. Such a magnitude in gains, and sharp corrections, can create a momentum of their own in terms of the likely economic and social impact on Saudi Individual Stock Traders (SIST). In this paper we will analyze the theoretical underpinning of investor rational expectations in Part 2, and examine the Saudi stock market's development in Part 3. A sample field survey of Saudi individual stock traders will be analyzed in Part 4 which will enable us to understand their investment rationale and motives for investments, while Part 5 will examine the policy conclusions and recommendations drawn out from the field survey analysis of SIST's.

2. Rational Expectations Behaviour

Modern stock markets are a means of channelling individual and institutional investments into corporations in order to finance their business expansion. In return, the investors become part owners of the stock company, their ownership being represented by a stock that is secured by a claim on the assets and profits of the company.

Current stock market prices are supposed to fully reflect all available market and company information, and as such, the stock price is a "fair market price" (Muth, 1992, Fischer, 1980). As new information becomes available, the market assimilates the information by adjusting the security's price. Over the long run, the price should accurately reflect "fair value" (Lucas, 1987). Generally, pure technical analysis believes that the markets are price efficient, as all information is reflected in the price (Sheffrin, 1982). However, in reality, there is often other information that is not readily available to the public and that is not fully reflected in the price. This could be information held by company insiders, competitors, contractors, suppliers or regulators, among others. Thus markets tend to become semi-strong efficient (Bhattacharya et. al., 1992). Moreover, fundamental analysis believes that the market is a weak-form of market efficiency, and theorizes that the current price does not reflect fair value, and that it is only a reflection of past prices (Shiller, 1999). The two commonly accepted methods of investing in stocks are called active and passive management. The major distinction is whether one actively chooses the companies in which one invests, or whether the investments are determined by some index created by a third party. For the purposes of this paper, we shall concentrate on active stock trading, whether it is carried out directly by the investor, through a broker, or through a mutual fund manager.

How do individuals who actively trade determine their strategy? Again, according to investment literature, this can be achieved either through trading using "financial analysis" or using "technical analysis" (Ramsey, 1977, Fischer, 1980). In terms of financial analysis, investors try to evaluate the stocks worth, by determining how

much the business is worth. This is carried out by assessing the company's financials in terms of per-share values in order to calculate how much the proportional share of the business is worth. Fundamental analysis also takes into consideration other factors such as the state of the economy, the industry group and the companies themselves. The goal is to derive a forecast and profit from future price movements. As such, fundamental analysis tries to derive a stock's current fair value and to forecast future value. If fair value is not equal to the current stock price, fundamental analysts believe that the stock is either over or under valued and market prices will ultimately move towards fair value.

Technical analysis on the other hand, is the examination of past price movements to forecast future price movements. Technical analysts are sometimes referred to as "chartists" because they rely almost exclusively on charts for their analysis. This time frame can be based on intra-day (tick, 5 minutes, 10 minute, hourly, daily, weekly or monthly) price data. A technician believes that it is possible to identify a trend, invest or trade based on the trend, and make money as the trend unfolds. This is because technical analysis can be applied to many different time frames, it is also possible to spot both short-term and long term trends. Technical analysts believe that current prices fully reflect all the information. As such, current prices represent fair values and information, and are captured through a series of "bar charts" which set out the low, high, open, and close prices to form the price plot for each period of a bar-chart. Indicators then serve three broad functions: to alert, to confirm and to predict. In technical analysis, learning how to read indicators is more of an intuitive art than a science, as the same indicator may exhibit different behavioural patterns when applied to different stocks.

There is some disagreement amongst researchers concerning the assumption of an "efficient market hypothesis" in which prices reflect all available information. It is agreed that personal emotions are an important factor – investors may trade because they simply like to trade (Andersson & Tour, 2002). This and many other individual behavioural influences that affect market outcome have led to a research area- that of behavioural finances (Rahi, 1998, Frydman, 1982). These types of financial research apply lessons from psychology to financial decision making. Behavioural finance points out that security market trends can be better explained by allowing complicated personal feelings in economic models. Despite the *a priori* perception that emotional responses are characterized as being irrational, some recent research has suggested that emotional and rational decision making are complementary (Dumas et al., 2005). This is explained in two respects. First, emotion pushes individuals to make decisions when they are paramount. Second, emotion can assist in making optimal decision making (Rahi, 1998).

A study by Andersson and Tour (2002) analyzed the psychological characteristics of professional security traders while they were “hooked” to live trading. This approach is called experience sampling. A significant correlation between these psychological characteristics and market events was reported. The study concluded that emotion is an important determinant of a trader’s ability to survive in financial markets. Which factors are then the predominant ones to drive the Saudi Individual Stock trader? To better explain and identify these factors, the next two sections will cover the evolution and current structure of the Saudi Stock market, leading on to an empirical based study of the Saudi individual stock trader’s behaviour and motives.

3. Saudi Stock Market Development

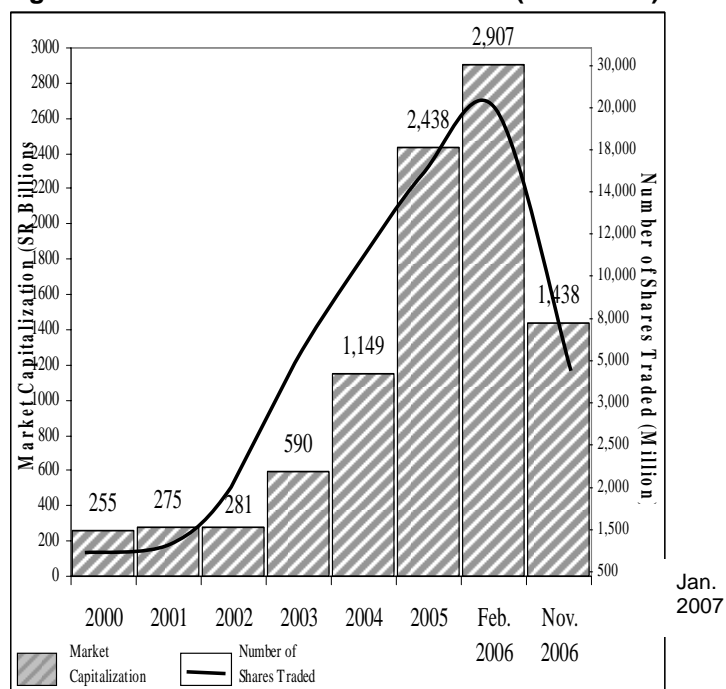
The Saudi Stock market has a relatively short history, with the first shares offered to the public in 1954 but with the market remaining an informal one until the mid-1980’s when a Ministerial Committee made up of the Ministers of Finance and Economy, Commerce and the Governor of the Saudi Arabian Monetary Agency (SAMA) was formed with an overall responsibility for developing regulations to develop the market (Ramady 2005, Abdeen & Shook 1984; Dukheil 1995). It was not until 2003, when a Saudi Capital Market Law (CML) was passed, indicating that the capital market in the Kingdom was organized as an independent body with a Securities and Exchange Commission (SEC), a securities exchange and wide ranging powers to regulate and approve brokers and investment companies operating in the market. The SEC approved the issuance of public shares by newly listed Saudi companies and established and operated a nationwide system for securities, trading, settlement clearing and depository services. The SEC was to be governed by five commissioners to be appointed by Royal Decree (Ramady 2005).

What was most striking about the development of the Saudi capital market was the use of technology in its rapid growth. In most countries, the stock markets grew with the public’s acceptance of such markets and their instruments, along with a greater degree of investor sophistication, which then prompted the technological development of the capital market operations to meet increased investor participation. In the case of Saudi Arabia, increased technological development led to greater investor participation at a much faster pace if compared to investor education or sophistication about capital market participation. In essence, the Saudi market was technology driven rather than investor driven. In 2001, an automated trading system *Tadawul* was launched which enabled trading to be carried out through the internet (SAMA, 2007).

Tadawul gave a boost in trading volumes, with Saudi share trading evolving into one of the most technologically advanced in the world, with “T + zero” delivery – transaction plus zero days. In 2006, participation in the Saudi stock market was relaxed to

include the non-Gulf Cooperation Council (GCC), resident nationals in direct investments through listed Saudi mutual funds and some non-fund stocks. According to the Saudi Arabian Monetary Agency data, the growth in the Saudi market has been staggering in terms of the number of shares traded and the market capitalization. These are illustrated below:

Figure 1: Saudi Share Market Indicators (2000-2006)



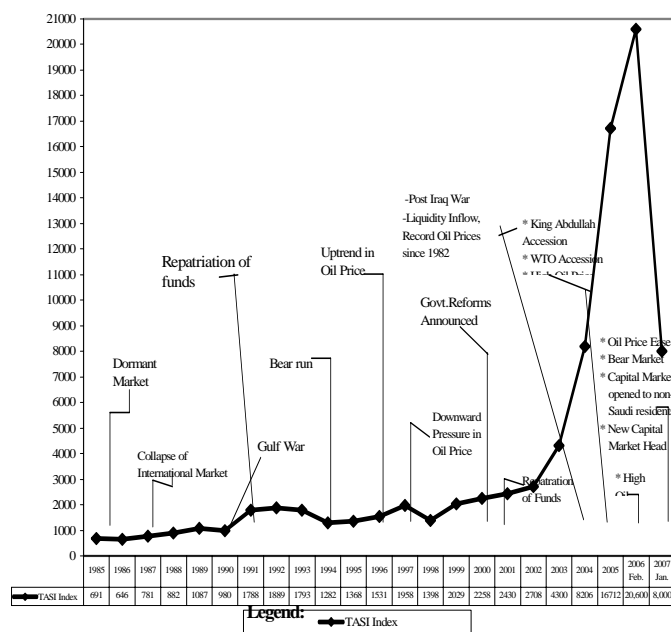
Source: SAMA, 2007

As Figure 1 illustrates, by February 2006, the Saudi market had reached a capitalization of around SR 2,907 billion (\$775 billion), making it the largest in the region, and surpassing the capital markets of South Korea, India, Brazil and South Africa. By January 2007, the market capitalization had fallen to the opening levels of 2005, leaving it to stand at SR 1,438 billion (\$383 billion) or around a 50 per cent decline. At the same time, the number of shares traded, fell from a peak of around 18,000 million in February 2006, to 4,500 million in January 2007 – the same levels as in 2003. Figure 2 below illustrates the sharp volatility of the *Tadawul* All Share Index, especially over the period 2004-2007.

Figure 2 also vividly illustrates the sharp fall in the *Tadawul* Index in January 2007 to almost the same levels as the year end closing for 2004. Domestic, regional and international factors seem, *a priori*, to affect Saudi Stock market sentiment, as there seems to be a positive correlation between higher oil prices and higher market prices based on the assumption that government expenditure triggers economic activity. However, despite moderately high oil prices in the ranges of \$60 a barrel in 2006, compared to 2005, the Saudi stock market fell sharply during 2006. The smooth succession of King Abdullah to the Saudi throne in 2005, and Saudi Arabia’s accession to the World Trade Organization (WTO) in December 2005, initially gave a boost to the

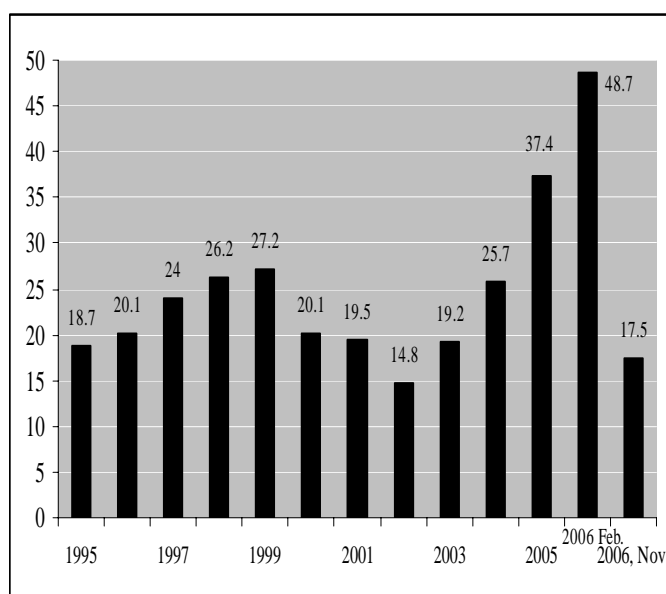
markets, but there seemed to be a lack of confidence driven by other factors that could explain the sharp 2006 correction. The appointment of a new head of the Capital Market Authority in May 2006, as well as the opening up of the Saudi market to non-Saudi resident nationals did not help reverse the bear market (Arab News, 2006, 2007).

Figure 2: Tadawul All Share Index 1985-2007 Regional and Domestic Contributory Factors.



As Figure 3 below illustrates, the sharp fall in Saudi share prices has also brought down average market P/E ratios to lower than 2004 levels.

Figure 3: Saudi Equity Market Average P/E Ratios 1995-2006



Source: SAMA, 2007.

At the peak of the stock market bull-run in February 2006, the average P/E ratio for the whole market reached around 49, a 155 per cent increase over 2003 levels, a 90 per cent increase over 2004 levels, and a 32 per cent increase over 2005 levels. This increase was unsustainable, as the average market P/E ratio also marked wide industry sectoral P/E ratios, with some sectors such as agriculture P/E ratios rising to 90 levels despite the agricultural sector contributing less than 1 per cent of total market capitalization. As of November 2006, Saudi share prices stood at around 5.4 times their average price to book value ratios, with projected net-earnings expected to yield a Return on Equity (ROE) of 26 per cent and a dividend yield of 2.3 per cent. These are fairly comfortable returns and compare favourably with other global stock markets in either the developed or developing markets, as Table 1 illustrates for the year 2000.

In terms of dividend yield, Saudi Arabia scores well against others, especially in the developed markets, although Brazil and South Africa score higher than Saudi Arabia.

4. Market Participants: The Saudi Individual Stock Trader (SIST)

Participants in the Saudi Stock Market are professionally managed mutual funds, corporations and individual stock traders. This study concentrates on the Individual Stock Traders (SIST) to find out the major factors influencing SIST's in their decision making to purchase or sell stocks in the Saudi stock market. An assessment of the major environmental factors that may affect their decisions is also examined. One objective was to understand the trading strategy of SIST's which would allow an investor to take advantage of stock price volatility and sentiment fluctuations. The methodology adopted was through a sample of in-depth interviews of 400 SIST's drawn across all classes of society (employed, self employed, government, non-government, educational levels, age groups, gender and geographical locations), as well as a 750 self-administered questionnaire feedback using the same sampling methodology.

The questionnaires included questions about the following topics:

- Trading environment
- Basis of decision making
- Trading strategies
- Risk and diversification assessment
- Knowledge level (financial/technical analysis)
- General attitude towards the stock market
- Demographic classification.

Two measurement scaling techniques were used – firstly, the *LIKERT Scale* that required respondents to indicate a degree of agreement or disagreement with each of a series of statements related to the stimulus objects. Secondly, a *SEMANTIC Scale*, whereby seven-

point ratings scale with end points associated with bipolar labels that have semantic meaning.

The collected data were entered in SPSS 10.0 (Statistical Package for the Social Sciences) software, which was used to statistically analyze the data.

Table 1: International Stock Market Comparisons and Saudi Arabia - 2000

Country	No. of listed companies	Market cap (\$ Million)	Value traded (\$ Million)	P/E	P/B	Dividend yield	Entry to foreigners
<i>Saudi Arabia</i>	71	67,171	17,313	17.17	2.41	3.15	Closed
<u>Emerging:</u>							
Brazil	459	226,152	101,282	11.53	1.42	3.67	Free
Mexico	179	125,204	45,340	13.0	1.68	1.42	Free
China	1086	580,991	721,538	49.9	3.62	0.46	Restricted
India	5937	148,064	509,812	16.8	2.6	1.52	Restricted
Malaysia	795	116,935	58,500	91.4	1.48	3.0	Restricted
South Africa	616	204,952	77,494	10.7	2.08	3.74	Free
<u>Developed:</u>							
USA	7525	1,510,4037	31,862,485	24.3	5.4	1.2	Free
Japan	2561	3,157,222	2,693,856	55.3	2.4	0.8	Free
UK	1904	2576992	1835278	19.1	3.7	2.2	Free
France	808	1446634	1083268	27.6	4.6	NA	Free
Germany	1022	1270243	1069120	19.5	4.0	NA	Free

Source: *Emerging Market Fact Book*, 2001.

4.1 Data Management

All responses were edited, and a codebook for each question was developed to standardize and smooth data entry to SPSS. Frequency tests were then conducted to clean data entry errors. As stated above, the sampling was highly diversified, with 13 per cent of the sample having experience in trading in the U.S. Stock market. The sample included respondents who traded through the 10 Saudi commercial banks.

The respondents were asked to provide information up to the period ending 2005 which had witnessed the market bull run.

Almost 45 per cent of the sample used the internet for trading, while 36 per cent used the telephone line for trading. Other sampling characteristics included the following:

- i. Age profile started with the 18-24 age groups, reaching to 65 years. The highest percentage respondents were in the 25-35 age groups (55 per cent),
- ii. 24 per cent of the sample had less than college education,
- iii. The majority of the sample (52 per cent) worked in the private sector, 27 per cent in the government sector, and the remainder (21 per cent) had their own business,
- iv. Amounts invested for trading ranged from under SR 15,000 to SR 100 million. Some 65 per cent of

respondents traded under the SR 500,000 level, while 15 per cent traded within the range of SR 1-6 million. Two per cent of the respondents traded between SR 25 million – 100 million.

- v. The sample survey aimed to strike a balance in term of the geographical location of the traders. The Eastern Region represented 26 per cent, the Central Region 28 per cent, the Western Region 23 per cent, with respondents from the other regions accounting for the remainder.

4.2 The Sample Parameter Objectives.

The study set out different test objectives and then defined the relevant variables that were needed. This was followed by the relative statistical analysis from which relevant conclusions and recommendations were drawn.

The key objectives to be tested were:

- H₁. What is the knowledge level of the Saudi individual stock trader? The tests were for financial knowledge, technical knowledge, and overall knowledge;
- H₂. What was the performance of the Saudi Individual Stock Trader (SIST) in the past year, in terms of their return and risk?;
- H₃. What do SIST's depend most upon in stock buying or selling decision making? and

H₄. Do demographic, attitude, knowledge, risk and return differences of SIST's affect their decision making and profitability?

4.3 Technical Results

H₁: *Technical knowledge level of the SIST's.*

A paired-sample T test was conducted to test the correlation between financial and technical knowledge. The correlation coefficient was found to be 88.9 per cent, indicating that respondents who scored high in the financial test, did the same in the technical test and vice-versa. The result for the financial and technical tests ranged from respondents with zero knowledge to others with 100 per cent. The mean for the financial test was 63 per cent, and 52 per cent for the technical test. The mean of the overall knowledge was 57 per cent. One sample T-test was used to test the difference between the resulted means and a pre-specified average, in order to find out if the difference is significant or not. The financial knowledge mean was tested against 80 per cent while the technical knowledge was tested against 60 per cent. The results are summarized below:

	Mean	Std. Dev.	Test	Hypothesis	t	Significance
Financial knowledge	.63	.23	One sample T-test	H ₀ : Mean of financial knowledge = 0.8	- 6.1	0.00
Technical knowledge	.52	.21	One sample T-test	H ₀ : Mean of technical knowledge = 0.6	- 3.8	0.001
Overall knowledge	.56	.21	One sample T-test	H ₀ : Mean of overall knowledge = 0.7	- 4.9	0.00

From the above, all significance results where $\alpha = 0.5$ (level of significance), and, as such, the entire null hypotheses were rejected. As the t-values were negative, it can be concluded that the knowledge level of the Saudi SIST's was below average. With regard to how many respondents had formal stock market training, frequency tests revealed that only 22.1 per cent of the total sample had any stock market training, but that 55 per cent believed this was important, opening up opportunities for those wishing to enter this sector.

H₂: *The performance of the Saudi SIST's in the last year in terms of their return and risk.*

The results of the risk analysis in the sample ranged from 1.4 to 3, where 1 was considered as lowest risk, and 3 was considered as highest risk in the

questionnaire scale. A skew towards more risk was expected, and found in the sample. Around 44 per cent of the sample was of the high risk takers while only 6.1 per cent were of the low risk takers. The mean was 2.19 out of 3, which is equivalent to about 73 per cent.

The results of the profitability in the last year for the sample ranged from less than 5 per cent to more than 80 per cent. Again the results were skewed towards high per cent ages as expected, due to the high profitability of the whole market during the sample period. It was noticed that about 20 per cent of the sample achieved more than 80 per cent profits, while 80 per cent earned more than 20 per cent. The mean was about 37.5 per cent profits.

Chi-square statistical tests were carried out through cross-tabulation for the two variables (risk and profit) categories. The purpose was to investigate if changes in risk levels in the sample had affected their profitability or not.

The null hypothesis was set as follows:

H₀: *Risk had no effect on profitability in the Saudi Stock Market last year.*

The results showed that Chi-square significance equals .47 which is greater than the pre-set significance level of 0.05. Therefore the null hypothesis was not rejected, which means that the relation between risk levels and profitability was not significantly confirmed.

Nevertheless, further analysis into the cross tabulation table indicated that the highest profitability category (3) was also the highest risk category (3) by 64 per cent. Category (2) in risk was about 42 per cent while category (1) in risk was only 25 per cent. This is summarized below:

	Range	Mean
Risk	46% - 100%	73%
Profitability	Less than 5% - more than 80%	37.5%

The result of the sample confirmed that the majority of Saudi SIST's are risk takers and that they made high profits on the Saudi Stock Market during the period of the questionnaire in 2005.

The implication is also clear – because they are high risk takers, the Saudi SIST's are also the most exposed to potential losses in the bear market that followed in 2006. This seems to be confirmed by research done elsewhere (Morck and Yeung, 2002) which indicated that a peculiar pattern is evident across the stock markets of different countries, or the “puzzle” of the harmonious stock prices. In emerging markets all the stocks in the country tend to rise and fall together in the course of ordinary trading. The study indicated that in developed countries stocks move independently.

H₃: What do SIST's depend most on in stock buying or selling decision making?

It was found that changes in stock prices had the largest percentage impact in the sample by 43.5 per cent, followed by technical indicators by 36.2 per cent. Political and economic events seemed to have had the lowest percentage influence amongst the sample, with 8.5 per cent. More surprisingly, oil price movements registered the second lowest factor with only 8.7 per cent. This reinforces the external-internal stock market contributory factors set out earlier in Figure 2.

Category	Variables included	
	Variable	Percentage
Others' opinion	• Friend	10.5
	• Trading Hall participants	2.4
	• Internet forums	12.1
	TOTAL	25%
Official and published information	• Financial ratios	8.9
	• Oil prices	2.4
	• Political + Economic events	2.4
	• Company financial news	18.4
	TOTAL	32.3%
Technical Indicators	• Technical analysis	14.5
	• Stock price	11.3
	• Volume	8.9
	• Market index	5.6
	TOTAL	40.3%
Personal feeling	• Feeling	2.4
	TOTAL	2.4%

From the above results, it would seem that technical indicators (volume, stock price, market index) were found to be the most influential factors in the SIST's decision making, with only 32 per cent depending on official and published information. What is worth noting is that about a quarter of the sample seemed to depend

on other's opinions, including internet forums. In a close knit society such as Saudi Arabia's, rumours and "advice" often act as powerful catalysts for changing trading sentiment quickly, and leading to volatility as witnessed during the Saudi market crash of 2006/2007 (Hanware, 19 January 2007)

It is also worth noting that only 18.4 per cent trusted in company financial news due to the lack of perceived data transparency. The Capital Market Authority is keenly aware of this issue and, during 2006, started to impose stringent fines on companies not publishing financial data on time or in the required format (Arab News, July 2006).

H₀: Do demographic, attitude, knowledge, risk and return differences of SIST's affect their decision making and their profitability?

The required variables for the above objective included all demographic related variables such as: age, marital status, and monthly income, highest level of education, occupation, and experience with trading in stocks, capital invested, and region of residence. In addition, the previous results of knowledge level, attitude towards stock market, risk, return, and decision making factors will be tested against profitability and decision making. Chi-Square analysis (cross-tabulation) was used as both dependent and independent variables were of type categorical. For each variable, the tested null hypotheses assumed no difference in the independent variable in explaining the variance in the dependent variable in all cases. For example –

H₀: There is no difference among demographic categories in explaining profitability

$$X_1 = X_2 = \dots = X_n$$

The results are summarized in the following section:

Dependent Variable	Type	Significance Level	Statistical Test
A) Decision Making basis	Categorical	Alpha = .05	Chi-Square

Independent Variable	Significance	Observations
* Last Year's Profit	.35	The null hypothesis was not rejected. As such there is no confirmation that differences in last year's profits explained the variances in the decision making basis. Nonetheless, it was noted that respondents with low profits depended mostly on "others opinions", while respondents with high profits depended mostly on technical indicators. Furthermore, respondents with profits greater than 80%, least depended on financial analysis.
*Age	.83	The null hypothesis was not rejected. Therefore, there was no confirmation that differences in age explained the variances in the decision making process.
* Marital Status	.32	The null hypothesis was not rejected. Therefore, there was no confirmation that differences in marital status explained the

Independent Variable	Significance	Observations
* Education	.58	variances in the decision making process. The null hypothesis was not rejected. Therefore, there was no confirmation that differences in education explained the variances in the decision making process. Nonetheless it was noted that respondents with highest education levels (MS and Ph.D.) depended mostly on financial analysis while respondents with lower education depended mostly on "others opinions".
* Occupation	.71	The null hypothesis was not rejected. Therefore, there was no confirmation that differences in occupation explained the variances in the decision making process.
* Experience in Trading Stocks	.04	The null hypothesis was rejected. Therefore, there is a confirmation that differences in experiences in trading stocks explained the variances in the decision making basis. It was found that respondents with <u>less</u> than one year experience in stock trading depended mostly on others opinions', while respondents with one to two years experience in stock trading depended mostly on technical analysis. Respondents with three to ten years experience depended mostly on financial analysis in their decision making.
* Training in Trading Stocks	.01	The null hypothesis was rejected. Therefore, there is confirmation that differences in training in trading stocks explained the variances on the decision making basis. It was found that respondents who attended training in stock trading depended mostly on financial analysis and then on technical analysis, and never on others opinions.
* Investment Capital in Saudi Stocks	.42	The null hypothesis was not rejected. There is no confirmation that differences in investment capital in Saudi stocks explained the variances in the decision making basis. Nevertheless, it was noted that the dependence on 'others opinions' among respondents with investment capital less or equal to SR 500,000 was much higher than the respondents with investment capital greater than SR 500,000.
* Region of Residence	.33	The null hypothesis was not rejected. There is no confirmation that differences in region of residence explained the variances in the decision making basis.
* Risk (stock diversification)	.57	The null hypothesis was not rejected. There is no confirmation that differences in risk (stock diversification) explained the variances in the decision making basis.

Type	Dependent Variable	Significance Level	Statistical Test
Categorical	B) Profitability	Alpha = .05	Chi-Square

Independent Variable	Significance	Analysis
* Decision Making Basis	.35	The null hypothesis was not rejected. Therefore, there is no confirmation that differences in decision making basis explained the variances in profitability. Nonetheless, it was noted that respondents with the highest profits were those who depended on technical indicators than those who depended on others opinions.
* Age	.02	The null hypothesis <u>was rejected</u> . There is a confirmation that differences in age explained the variances in profitability.

		It was found that higher percentages of respondents with age ranges of 25-35 and over 60 years achieved higher profitability. One possible explanation is that young investors were taking higher risks and in return making high profit, while the 60 age group probably had more experience or it was a sample error, as this segment was 4% of the total sample.
* Marital Status	.28	The null hypothesis was not rejected. Therefore, there was no confirmation that differences in marital status explained the variances in profitability.
* Education	.06	The null hypothesis was not rejected. Therefore, there was no confirmation that differences in education explained the variances in profitability.
		Nonetheless, it was noted that all respondents with the highest education (Master/Ph.D.) has only medium and high profits, whereas all respondents with lowest education (elementary) did not have high profits.
* Occupation	.89	The null hypothesis was not rejected. Therefore, there was no confirmation that differences in occupation explained the variances in profitability.
* Experience in Trading Stocks	.46	The null hypothesis was not rejected. Therefore, there was no confirmation that differences in experience in trading stocks explained the variances in profitability.
* Investment Capital in Saudi Stocks	.47	The null hypothesis was not rejected. Therefore, there was no confirmation that differences in investment capital in Saudi stocks explained the variances in profitability.
* Training in Trading Stock	.05	The null hypothesis was rejected. Therefore, there is confirmation that differences in training in trading stocks explained the variances in the profitability.
		It was found that all respondents who took training in stock trading had only medium and high profits and no low profits.
* Region of Residence	.64	The null hypothesis was not rejected. Therefore, there is no confirmation that differences in region of residence explained the variances in profitability.
* Risk (Stock Diversification)	.31	The null hypothesis was not rejected. Therefore, there is no confirmation that differences in education explained the variances in profitability.
		Nevertheless, it was noted that all respondents with low risk (high diversification) had only medium profits.

Test Conclusions:

Test Conclusions: Only two factors were found to be statistically significant in explaining the variance in *decision making*, namely experience in trading stocks and training in trading stocks. As for *profitability*, two factors were found to be statistically significant in explaining its variance. These were age and training in Trading Stocks. Although experience in trading of stocks was proved to be affecting the criteria in stock decisions, it was not proved that experience improved profitability. On the other hand, taking some training in stock trading proved that not only moving investors from depending on others opinions helped, but also assisted them to generate higher percentages of profits.

The segment age group 25-35 years was proved to be the most profitable in stock trading compared with other

age groups. This can be attributed to factors such as a higher percentage of higher education, training and risk taking in this age group.

3. Conclusions and Recommendation

The primary objective of this real life applied research was to examine the importance of the various factors in the decisions and the profitability of the Saudi Individual Stock Trader (SIST) to buy or sell stocks on the Saudi stock market, and to assess whether Saudi investors acted "rationally".

The data analysis has indicated some results that have importance implications on how the SIST's operate in this emerging stock market. These include:

- Both financial and technical basic knowledge amongst the SIST's were found to be below average. Around 80 per cent of the SIST's never had a stock trading training course. This suggests that the Saudi Capital Market Authority increases its effort at public awareness of the importance of technical and financial knowledge in stock trading;
- The majority of SIST's were risk takers and they made high profits on the Saudi stock market in the past year's bull-run. The implication is that they will continue to take risks even in a bear market and suffer large losses. This was borne out during the stock market crash that followed during 2006 and 2007. In a market such as Saudi Arabia, stock prices are excessively volatile because one class of traders (those dependent on others opinions and who are generally untrained in stock trading), become overconfident about "market signals". As a result, this class of traders changes their expectations quickly and too often, sometimes being excessively optimistic, and sometimes being excessively pessimistic. Studies have indicated that under such scenarios, there is very little that "rational" (or technically trained traders in the Saudi markets) can do optimally to exploit and eliminate excessive volatility, except in the long run (Dumas et al. 2005);
- About 40 per cent of SIST's depended on technical analysis while about 32 per cent depended on financial analysis. There were about 25 per cent that depended on other's opinions, including the internet forum. Those SIST's that depended on their own feelings were found to be less than 3 per cent. This reinforces the need to introduce professional trading public awareness given that "personal opinions" and trading on the basis of rumours is prevalent in the Saudi stock market, creating and magnifying panic trading (Hanware, 14 January 2007);
- Despite depending on others opinions, the highest percentage of the respondents who obtained the *lowest profits* were found in this group, while the highest percentage of high profits was found among those who depended on technical analysis;
- Education seemed to pay back as far as stock trading was concerned, as respondents with the highest education levels (Master's and Ph.D.'s), and who depended on financial analysis, made the most in terms of medium and high profits; and
- Respondents with low risk (high diversification) depended solely on financial information in their decision making, and made only medium profits.

In conclusion, the study showed a correlation between education, stock market training and returns on the Saudi stock market. Trading based on others personal feelings and rumours can significantly affect market sentiment, to the detriment of the national stock market and economy. The study seems to indicate that, as far as the Saudi market was concerned, rational expectations was not the prevalent basis for trading and

market prices did not reflect all information. There is often other information that is not readily available to the public that is not fully reflected in the price. This could be information held by company insiders, competitors, contractors, or suppliers, among others. The Saudi market seems to exhibit semi-strong efficient market characteristics. Further studies are needed to analyze how SIST's performed during the recent Saudi stock market price correction and crash, to assess whether those SIST's who had performed well in the past based on the factors analyzed above, continued to do so in the crash, and whether they had minimized their losses compared to other SIST's.

Acknowledgements

The Authors wish to acknowledge the support and assistance provided by King Fahd University of Petroleum and Minerals, in the preparation of this research.

References

- Abdeen, A. and Shook, D. 1984. The Saudi Financial System in the Context of Western and Islamic Finance, *John Willey and Sons*. UK.
- Ackert, Lucy, Church, Bryan, Deares, Richard. 2003. Emotion and Financial Markets, *Economic Review*. 88, 2nd Quarter.
- Andersson, P. and Tour, R. 2002. How to Sample Behaviour and Emotion of Traders, *Sonderforschungsbereich 504*, University of Mannheim,
- Arab News*. 2006. CMA Asks Investor to pay back SR 88.6 million for Fraud, Jeddah. 14 December. www.arabnews.com
- Arab News*. 2006. GMA Plans Regulations to Impact Greater Transparency, Jeddah, 7 July. www.arabnews.com
- Arab News*. 2007. Negative Trend in GCC Market Partially Reverses, Jeddah. 6 January. www.arabnews.com
- Bhattacharya, S. and Nicodano, G. 1992. Insider Trading, Investment and Liquidity, *CEPR Discussion Paper*, No. 2251, October.
- Dukheil, A. 1995. The Banking System and its Performance in Saudi Arabia, *Saqi Books*, London.
- Dumas, Kurshev, A. and Uppal, R. 2005. What can Rational Investors Do About Excessive Volatility and Sentiment Fluctuation? *National Bureau of Economic Research Inc.*, No. 11803, November.
- Fischer, Stanley. (ed). 1980. *Rational Expectations and Economic Policy*. University of Chicago Press.

- Frydman, R. 1982. Towards an Understanding of Market Processes: Individual Expectations, Learning and Convergence to Rational Expectations Equilibrium, *American Economic Review*. Vol.72, 653.
- Haberler, G. 1980. Capital Notes on Rational Expectations, *Journal of Money, Credit and Banking*.
- Harnware, Khalil. 2006. Share Prices Tumble to New Lows, *Arab News*, Jeddah, 4 December.
- Harnware, Khalil. 2007. CMA Halts Trading in Another Firm, *Arab News*. Jeddah. 19 January.
- Harnware, Khalil. 2007. CMA Suspends Exchange of Bisha Agriculture Shares, *Arab News*. Jeddah. 14 January.
- Lucas, Robert. 1987. *Models of Business Cycles*. Oxford: Basil Blackwell, UK.
- Morck, Rendell, and Yeung, Bernard. 2002. The Puzzle of the Harmonious Stock Prices, *World Economics*. 3:3.
- Muth, John F. 1992. Rational Expectations and the Theory of Price Movements, Reprinted in the *New Classical Macroeconomics*. Vol.1, 3-23.
- Peterson. R.L. 2002. Buy on Rumour, *Market Psychology*.
- Rahi, Rohit. 1998. Informed Trading, Investment and Welfare, *Financial Market Group Discussion Paper*, 4Q.
- Ramady, M.A. 2005. *The Saudi Arabian Economy: Policies, Achievements and Challenges*, Springer, USA.
- Ramady, M.A. 2007. Saudi Stock Market 2006: A Turbulent Year, *Arab News*, www.arabnews.com.
- Ramsey, James. 1977. Economic Forecasting – Models or Markets? *IEA*. 18.
- Sargent, Thomas. 1986. *Rational Expectations and Inflation*. HarperCollins, UK
- Saudi Arabian Monetary Agency (SAMA). 2007. *42nd Annual Report*, Riyadh.
- Saudi Arabian Monetary Agency (SAMA). 2007. *Monthly Statistical Bulletin*, January, Riyadh
- Sheffrin, Steven. 1983. *Rational Expectations*, Cambridge University Press, UK. 151-170.
- Shiller, Robert. 1999. Measuring Bubble Expectations and Investor Confidence. *Cowles Foundation Discussion Papers*, Cowles Foundation, Yale University, No. 1212, March.



Research on Customer Satisfaction: antecedents and consequences

Hans Ruediger Kaufmann¹ and Griselle Giesinger²

¹ Department of Management and MIS, School of Business, Intercollege, Cyprus

* Corresponding author: Telephone: 0035722841643 Email: kaufmann.r@intercollege.ac.cy

² Griselle M. Gisinger-Colón (PhD), MBA. University of Innsbruck, Peter Sigmairstrasse, Austria

Abstract

This paper empirically examines the significant role of customers' satisfaction for the development of positive customer behaviour. This correlation study specifically seeks to: investigate the relationship between customer satisfaction and key concepts, such as customer orientation of service personnel and service quality, and to clarify the effect of customers' satisfaction on predicting customers' loyalty and their intention to recommend. For this purpose, this study used data from a sample survey of 81 hotel guests in Austria concerning their evaluation of their service experience. The results show that the employees' customer-oriented behaviours that were manifested during the service encounter are positively related with customer satisfaction, which is in turn positively associated with both customers' loyalty and recommendations. Further investigations demonstrated that the quality of the service, and employees' friendliness and attentiveness are the best predictors of customers' overall satisfaction, which contributes in turn, to their intention to repeat business and recommendations. The findings imply the need to identify and continuously improve the key-antecedents of customer satisfaction, such as employees' customer oriented behaviours and service quality, in the attempt to create positive customer future behaviours and long-term profitability. Inspired from the results of this empirical study, the paper suggests testing the relevance of the micro-sociological construct of identity, as a future key concept to more efficiently influencing employee behaviour conducive for the company's success.

© 2007 World Research Organization. All rights reserved

Keywords: Customer satisfaction, Behaviours, Loyalty, Antecedents, Profitability

Citation: Kaufmann, H. & Giesinger, G. (2007). Research on customer satisfaction: antecedents and consequences. *World Journal of Business Management*. 1(1) 14-26

Introduction

The satisfaction concept has been intensively investigated with customer satisfaction being one of the most researched areas in scientific fields such as marketing, psychology and human resources. The increasing interest in this psychological construct and the amount of investigations carried out by scholars and practitioners alike, display its importance not only for the scientific field, but also for the business community. This is related to both, the intuitive, but also the scientifically derived assumption that satisfied customers are likely to engage in behaviours that lead to a company's long-term competitiveness and economic performance (Rust and Zahornik, 1993; Kotler *et al.*, 2005; Vranesevic *et al.*, 2006).

Research engaged in the study of customer satisfaction has greatly contributed to the detection of different theoretical constructs and to the identification of multiple relevant satisfaction dimensions. Antecedents of customer satisfaction have been defined among others, in terms of customer-oriented behaviours of employees (Goff *et al.*, 1997; Grund, 1998; Lee *et al.*, 2006), product and service quality (Gotlieb, 1994; Westbrook, 1981; Zineldin, 2006), value (Cronin *et al.*, 2000) and trust (Grund, 1998; Ndubisi, 2006). Consequences in turn have often been examined through concepts such as loyalty (Bloemer and Kasper, 1995; Hallowell, 1996; Beerli *et al.*, 2004), word-of-mouth (Mangold *et al.*, 1999) and profitability (Yeung and Ennew, 2001), among others. However, the lack of agreement existing in the

literature about the independent variables concerning customers' satisfaction and their respective weight or the consequences resulting from their satisfaction, limits the general establishment of relationships between the variables to a certain extent. Hence, there is a need for developing a deeper understanding of the relationship existing between customer satisfaction and its antecedents and consequences.

Due to the countless amount of antecedents and consequences associated with the satisfaction of customers, this study concentrates on the effect that selected customer-oriented behaviours have on customers' satisfaction, and the impact of their satisfaction on customer behaviours such as repeat business and recommendations. Other dimensions will not be included, since they are not related to the scope of this study.

In this paper, the authors address the following questions: (1) are customer-oriented behaviours of employees related to the satisfaction of customers? (2) Which specific behaviours are more likely to predict the satisfaction of customers with the whole service experience? (3) Does the overall satisfaction of customers influence their loyalty and recommendations? In order to theoretically support the relationships that are being discussed, the confirmation-disconfirmation paradigm and the rewards-cost balance theory will be explained. A theoretical model will be developed in order to understand and predict relationships between the variables.

Customers' satisfaction relevance for the organisation's success

Even though the link between satisfaction and performance is complex, there is little doubt that loyalty in combination with other positive customer behaviours plays an important role for the long-run success of a business. High customer satisfaction ratings are widely believed to be the best indicators of a company's future profits, especially based on profitable clients (Keiningham *et al.*, 2005).

According to Schnitzler (1996), an enhancement in customer satisfaction means an increase in the Return on Investment (ROI) of about 11,33%. Other studies engaged with this relationship have demonstrated that 1% increase in customer satisfaction is related with an increase of 2,37% in Return on Investment (ROI), whereas a 1% decrease in satisfaction is associated with a drop of 5,08%. These results not only show evidence of the importance of customer satisfaction as a main determinant of service firms' success, but also reveal that decreases in customer satisfaction can be twice as harmful as the benefits associated with an equivalent increase in satisfaction. A reason explaining this outcome could be the asymmetric and nonlinear relationship existing between satisfaction and future behaviours, whereas high levels of dissatisfaction might

have a larger impact on customer behaviours than high levels of satisfaction have on positive behaviours (Anderson and Mittal, 2000).

There is no doubt that within a non-monopolised market, "few businesses can survive without establishing solid relationships with their customers" (Gremler and Gwinner, 2000:82). Since creating a competitive advantage from the range of services offered is becoming increasingly difficult, in many service organisations the contact employees and not the supply of or selling the services themselves, are the source of differentiation and competitive advantage (Pfeffer, 1994).

Theoretical framework

The theoretical assumptions that has been developed in the scientific literature concerning the impact of employee behaviours on customer satisfaction, have led to the inference that the positive experience of customers during the encounter often relies on the impression that they have of the contact employee during the course of providing the service (Grund, 1998).

Service encounters can be perceived as the scenario or specific situation where dyadic interactions with specific service-objectives take place (Solomon *et al.*, 1985; Surprenant and Solomon, 1987; Svensson, 2001). In service environments like in hospitality, encounters involve a high degree of interpersonal contact between frontline employees and customers (Grewal and Sharma, 1991; Sergeant and Frenkel, 2000). Therefore, the satisfaction of customers, the result of the interaction and the future behaviour of the customers conducive for the company, may be directly influenced by the behaviours of service representatives.

Employee behaviours are related to the service they provide, their tasks, the contact-position they own (Solomon *et al.*, 1985), as well as the way employees perceive themselves to be treated by the organisation in terms of rights and obligations (Bienstock *et al.*, 2003).

Therefore, behaviours such as employees' friendliness (Tornow and Wiley, 1991), the influence of non-verbal behaviour (Sundaram and Webster, 2000), their willingness to solve customers' problems and fulfill their requirements (Bitner, 1990; Pelham, 2006), their attitudes during the service interaction (Ryan *et al.*, 1996; Schmit and Allscheid, 1995), and the quality of the service they deliver (Taylor and Baker, 1994), are responses that manifest during the service encounter and play a pivotal role in determining customers' satisfaction. The degree of satisfaction, in turn, influences customers' behaviours in the form of customer loyalty and recommendations, among others.

Customers not only purchase a service, but, most of all, purchase the experience and surprise created by the service organisation (Pine and Gilmore, 2000). If

customers leave with a negative impression of the service caused by the poor behaviours of employees during the encounter, other efforts to satisfy them may be overlooked (Solomon *et al.*, 1985). Therefore, employees not only play an important role in the delivery of service quality and formation of customer satisfaction, but they also are an integral part of the experience and image customers have of the business (Bitner and Hubbert, 1994; Bitner *et al.*, 1990), hence, exerting contributing to the formation of long-term memory.

Customers are individuals that at a time-specific point (e.g. either for the first time or in repeated occasions), purchase or consume the products or services provided by an organisation (Giese and Cote, 2000). According to the satisfaction literature, customer satisfaction is comprised of affective and attitudinal elements: affective attributes that describe the psychological and emotional state of a customer as a result of a purchase or consumption experience, and attitudinal characteristics determined by the summation of satisfactions with services or products as a result of cumulative or transaction-specific situations (Churchill and Surprenant, 1982). This belief is based on the observation that emotions emerge immediately after a situation or transaction, whereas attitudes are the result of an accumulation of feelings or satisfactions from several transactions. A single unfavourable situation where a contact employee may not necessarily affect customers' attitude, but it certainly influences his/her level of satisfaction. In this case, customer satisfaction can be seen as the result of both an isolated event and a gradual accumulation of satisfactions derived from multiple consecutive experiences.

Customer satisfaction has also been defined as a response to an evaluation process (Oliver and Bearden, 1985; Olson and Dover, 1979; Stewart, 1998). According to Giese and Cote, (2000), the basic idea is that emotions or affective responses may be justified by cognitive explanations. Cognitive deliberations, such as comparing performance to expectations, reflect the process by which a summary evaluation (emotions or affect) is formed. Investigations engaged with the customer satisfaction, constructed inside of an expectation-performance and disconfirmation framework, define this construct under the assumptions of the confirmation-disconfirmation paradigm (Olson and Dover, 1979; Czepiel *et al.*, 1980; Oliver, 1977; 1980; 1997).

The confirmation-disconfirmation (C/D) paradigm is a widely accepted theoretical model describing the process by which individuals develop feelings of satisfaction or dissatisfaction (Cadotte *et al.*, 1987). It holds that dis/satisfaction is related to the size and direction of the disconfirmation experience, where disconfirmation is related to the person's initial expectations (Churchill and Surprenant, 1982). Following this thought, customers' satisfaction is originated when the behaviours of employees equate or

exceed their expectations, while dissatisfaction, in turn, emerges in the extent to which customers perceive behaviours to fall below expectations (Anderson and Sullivan, 1993). Based on the assumption that customer satisfaction is a complex construct displaying attitudinal, emotional and cognitive characteristics, it can be understood as the attitude a customer displays as the result of an individual comparison process in which the behaviours of employees, subjectively perceived during the service interaction, meet or exceed previous expectations.

During the service interaction, customers have the possibility not only to directly perceive the behaviours of employees, but also to explicitly judge them. Therefore, employees' customer-oriented behaviours are of great importance for the origination of customer satisfaction, since in service encounters, there is always the possibility that a disconfirmation-situation occurs during the delivery of the service (Bitner, 1990). In critical situations, for example employee behaviours such as the fast, efficient and appropriate handling of the situation may not only avoid customers' manifestation of their dissatisfaction, but may also positively influence their satisfaction and hence, their future behaviours (Mairamhoff, 1996).

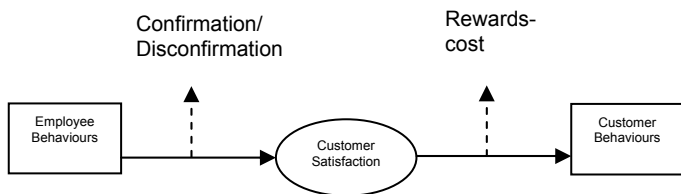
Furthermore, the assumption that customers' dis/satisfaction influences their behaviour can be theoretically explained through the rewards-cost balance theory developed by March and Simon, (1958; 1976). This theory assumes that individuals are satisfied within an exchange-relationship with other people, as long as there is a fair distribution of outcomes (rewards) and investments (costs). In other words, a costs-benefit relationship would only be adequate and satisfactory for customers: (1) if the benefits or rewards which are represented by the behaviours of employees, correspond to the costs or investments of customers, or (2) if this costs-benefits relationship exceed customers' comparison level or expectations (Thibaut and Kelley, 1959). This rational manifestation suggests that customers are more likely to repurchase and recommend the firm if the last experience with the service provider was satisfactory and if they perceive that their costs will be equated or exceeded again in the next purchase or consumption. Based on the statements of this theory, it would be possible to assume that customers who are satisfied with the service and their interaction with employees, are more likely to engage in positive behaviours such as re-purchase and recommendations (Rust and Zahornik, 1993).

While the C/D paradigm demonstrates the process by which customers develop feelings of satisfaction and dissatisfaction based on a cognitive comparison process between an actual perceived component and expectations, the rewards-cost balance theory explains how customers engage in behaviours based on the fair or uneven distribution of outcomes and investments. Their multiple assumptions, instead of competing with each other or mutually rejecting their postulates, provide

us with significant theoretical support about how customer satisfaction emerges and how it is manifested through their behaviours (see Figure 1).

Figure 1: Overview of the complete theoretical framework of the investigation.

Hypotheses



Accordingly, it can be hypothesised that the multiple employee behaviours manifested during the service interaction may be important influential factors affecting customers' overall satisfaction.

H_{C11}: Several employee behaviours positively influence the overall satisfaction of customers

Customer satisfaction, characterised as a complex and multidimensional construct, displays numerous consequences and repercussions such as their intention to recommend the organisation to others and to repeat business themselves. Based on the general thought that satisfied customers are more likely to engage in positive behaviours than in dissatisfying ones, the positive or negative manifestation of behaviours may be a reflection of their satisfaction.

Based on this assumption, it can be hypothesised that the overall satisfaction of customers' influences is positively related to their individual behaviours. The hypothesis H_{C21} expresses this relationship as follows:

H_{C21}: The overall satisfaction of customers positively influences their individual behaviours.

Both hypotheses reveal a different dimension of the customer satisfaction construct. Their examination intends to support the assumption that employee behaviours, manifested during the service encounter, are likely to influence the overall satisfaction of customers, which in turn is assumed to have a positive effect on future behaviours such as recommendations and repeat business.

Research Method

Sample and response rate

Four hotels have been selected as the sampling frame because the high service contact between employees and customers, permits the examination of the plausible effect that employee behaviours manifested during the service encounter have on customers' satisfaction, and the influence that the satisfaction of customers may have on their behaviours. The surveyed hotels are all

administered by their owners, are located either in Tirol or Vorarlberg and are in the four-star category.

The selection of participants was random and the sample comprised individuals of several countries with different purposes for staying. The demographic characteristics of customers are reported in Table 1, where the majority of respondents were male (53%), leisure travellers (61%), between 45 and 59 years old and coming from Germany (36%).

Table 1: Demographic characteristics of customers.

Demographics	Frequency	Percent (%)
Gender		
Male	43	53,1
Female	38	46,9
Age		
Under 24	2	2,5
25- 34	15	18,5
35- 44	17	21,0
45- 59	25	30,9
60 and over	22	27,2
Country of Origin		
Austria	14	17,3
Germany	29	35,8
Italy	6	7,4
USA	10	12,3
Other	22	27,2
Main purpose of staying		
Business	49	60,5
Leisure	5	6,2
Both	7	8,6
Other		

In general, 154 questionnaires were simultaneously distributed among the hotels. Approximately four months later, a total of 105 questionnaires were filled out and returned. After eliminating those questionnaires with missing information and inconsistent answers, a total of 81 usable questionnaires (53% response rate) remained in the analysis.

Instrument design

Customers' satisfaction information was collected through a self-completion questionnaire and the analysis was based on the subjective point of view of the participants.

The primary objective of the survey was to examine whether or not the satisfaction of customers can be predicted by the behaviours that employees manifest during the service encounter, and to assess whether or not the satisfaction of customers contributes to the development of behaviours such as the repeat of business and recommendations. In addition, the survey also intended to identify those employee behaviours that are better at predicting the satisfaction of customers.

The structure of the survey was primarily based on a classical one-dimensional scale with 6-point labelled forced scales, ranging from positive to negative alternatives. The scale to measure satisfaction ranged from “absolutely satisfied” to “completely dissatisfied”, and the scale measuring behaviours ranged from “Absolutely, I will” to “definitely not.” It should be mentioned that the scale measuring satisfaction does not measure expectations directly, this is based on the assumption that when individuals rate their level of satisfaction, they indirectly judge the extent to which their experience (or actual component) correspond to their expectations (Schütze, 1992).

All the questions were positively formulated, since the purpose of the investigation is to collect information concerning individuals’ satisfaction (Peterson and Wilson, 1992). The questionnaire consisted of 12 different closed-format questions distributed in four broad areas:

Employee behaviours in general: Based on their experience with employees during the service encounter, customers were asked to rate their satisfaction degree with five different employee behaviours:

- Employees’ attitudes when offering the service
- Their friendliness and attentiveness
- Employees’ willingness to help and fulfil customers’ needs and requirements
- The quality of the service delivered
- Employees’ fastness and efficiency during the service

The answers on the positive side of the scale indicate customers’ degree of satisfaction with employee behaviours and the responses on the negative side of the scale suggest their degree of dissatisfaction. This also permits the visualisation of either positive or negative answers, suggesting customers’ dis/satisfaction level concerning different behaviour. Customers’ evaluation of their satisfaction with the individual employee behaviours evidences not only which specific behaviours are most related to their overall satisfaction, but also to which extent. The identification of those employee behaviours which influences the satisfaction of customers most during the service interaction is very important for the practice and development of meaningful recommendations.

Overall satisfaction: Considering the whole service experience, customers were asked to rate their overall degree of satisfaction. This part consisted of only one satisfaction question: “Considering your overall experience with employees during your stay, how satisfied are you?” This question is orientated to gather information about the satisfaction degree of customers with the behaviours, service delivered and treatment of employees during their stay in the hotel.

The 6-point scale utilised to rate customers’ overall satisfaction degree contributes to identifying the extent to which the behaviours, service and treatment of employees influence their overall satisfaction. At the same time, this question permits finding out whether or not customers’ overall satisfaction may predict customer behaviours and future intentions.

(3) Customer behaviours: Based on their experience, customers were asked to rate how likely they are to engage in two different behaviours: recommendation and repeat business. Two questions related to both were formulated: “Would you be willing to recommend this hotel to other people?” and “Would you be willing to stay in our hotel again?” Both questions reveal behavioural aspects of the guests that might be related to their satisfaction level.

Customers’ evaluation about the extent to which they would recommend the hotel and stay again not only displays the cognitive characteristic of satisfaction, but also the degree to which their overall satisfaction may influence their individual behaviours. As well, both questions contribute to the identification of the behaviour that is more likely to be affected or influenced by their satisfaction, demonstrating in this way the important role that overall satisfaction plays in the prediction and origination of customer behaviours and future intentions.

(4) Demographics: The socio-demographic information of customers is divided into four questions concerning their gender, age, country of origin and main purpose of staying. All of them are considered as standard demographic data because they provide important information about the customers’ profile. In order to maintain the anonymous character of the investigation and to maximise customers’ disposition to participate, no additional personal information was requested.

Given the assumption that satisfaction and expectations can be retrospectively evaluated, and considering the several operationalisation problems that an ex-ante examination may present, the customer satisfaction construct was based on an ex-post measurement of the result of the service encounter (Gierl and Sipple, 1993; Peterson and Wilson, 1992).

Findings

The Cronbach alpha value for each measure was estimated to test the internal consistency of the instrument (Cortina, 1993). As shown in Table 2, the corrected item-total correlation ranged from 0,70 to 0,79 being above the minimum recommended level of 0,20 for inclusion of items in a scale and meeting the stringent criterion of item convergent validity of >0.40 (Astrom and Okullo, 2003). The Cronbach's alpha of the scale was 0,90 being also above the recommended minimum of 0,80 (Nachmias and Nachmias, 1981). This value is considered to be an acceptable threshold level.

Table 2: Cronbach's Alpha and Corrected Item-Total correlation measures for customers' questionnaire.

<i>Customers' questionnaire</i>	<i>Indicator of reliability</i>
Employee behaviours	
Satisfaction with employee attitudes	0,70
Satisfaction with employees friendliness and attentiveness	0,75
Satisfaction with employees' willingness to help and fulfil individual needs (job performance)	0,76
Satisfaction with the service quality delivered	0,79
Satisfaction with employees' fastness and efficiency	0,78
Overall Satisfaction	
Overall satisfaction	0,73
Customer behaviours	
Recommendations	0,76
Repeat business	0,75
Total Cronbach's Alpha	0,90

The hypotheses using bivariate correlations and regression analysis was tested. The first hypothesis (H_{C11}) formulated that employees' behaviour affects the satisfaction of customers. In order to perceive whether or not the behaviours of employees can be reflected on or are related to the overall satisfaction of customers, the statistical method of Spearman correlation was applied. The next table presents the results displayed by this correlation:

Table 3: The relationship between employees' individual behaviours and customers' overall satisfaction, based on Spearman correlations.

<i>Employee Behaviours</i>	<i>Customers' Overall Satisfaction</i>	<i>Significance Level</i>
Quality of the service	0,614	0,000
Friendliness/ attentiveness	0,602	0,000
Fastness/ efficiency	0,570	0,000
Attitudes	0,555	0,000
Service performance	0,474	0,000

The magnitude of the coefficients indicates the different degrees of association presented by every relationship. In this case, employees' service quality displays the highest relationship with customers' overall satisfaction, followed by employees' friendliness and attentiveness. Both evidence a strong and statistically significant correlation ($p < 0,001$). Employees' fastness and efficiency during the service, their attitudes and service performance demonstrate a moderate, but also statistically significant relationship with the overall satisfaction of customers ($p < 0,001$). Because the application of correlation analysis does not assume a direction in the relationships measured, the statistical

method of regression analysis was employed. In order to perceive the whole effect that employee behaviours as a single predictor variable, have on the criterion variable of overall satisfaction, a simple regression analysis was conducted. A new variable created with the average of all five employee behaviours was placed in the independent variable position, maintaining the overall satisfaction of customers as the dependent one. This could be possible through a data transformation process, in which the values of all employee behaviours were transformed into a single expression or "target variable" (Norusis, 2002:592). After this regression analysis, the results are as follows:

Table 4: Employee behaviours predicting the overall satisfaction of customers, based on a regression analysis.

	β Standardised	F-Value	Significance Level
Employee behaviours	0,592	42,578	0,000
R ² : 0,350 Significance level: 0,000			

These results demonstrate the holistic effect of employee behaviours on the overall satisfaction of customers. The standardised coefficient of the regression evidences that employee behaviours have a moderate and positive effect on customer satisfaction. The significant F-value suggests that this relationship is statistically highly significant, supporting the assumption that positive or negative changes in the overall satisfaction of customers can be explained by the variations in the behaviours employees manifest during the service encounter. A closer examination of the findings permits us to visualise another important contribution: the identification of those specific employee behaviours that manifested itself during the service encounter. This element predicts the satisfaction of customers the most. Table 5 presents an overview of the outcomes based on a stepwise regression. This statistical method takes into consideration the covariance among all five employee behaviours as independent variables, identifying at the same time those that best predict the dependent variable of customers overall satisfaction.

Table 5: Employee behaviours that better predict customers' overall satisfaction, based on Stepwise regression.

<i>Employee Behaviours</i>	β Standardised	Significance Level
Quality of the service provided	0,439	0,000
Friendliness and attentiveness	0,243	0,043
R ² : 0,397 F-Value: 25,698 Significance level: 0,000		

The table above evidences that among the behaviours considered, the quality of the service, employees' friendliness and attentiveness during the service are the best predictors of customers' overall satisfaction. These outcomes suggest that in practice employee behaviours are the most significant factors contributing to the satisfaction of customers with the whole service experience.

Service quality is a concept which suggests the relative goodness of the whole service, its components and parts. Therefore, for customers in the hospitality industry, the quality of the service provided by employees, not only implies how well employees performed their tasks or how accurate the work was done (Hartline and Ferrell, 1996), but also how they responded to their individual needs and handled special requests (Bitner *et al.*, 1990). At the same time, friendly treatment and employees' attentiveness during the service interaction is viewed as very favourable, because it makes customers feel special and "pampered" (Bitner *et al.*, 1990:79). Both employee behaviours manifested during the service interaction with customers greatly contribute to their overall satisfaction.

It could be said that customers staying in a hotel expect that employees display favourable behaviour such as positive attitudes during the interaction, a friendly and attentive treatment, fast and efficient service, quality in the service delivered, and willingness to fulfill individual needs and requirements. However, the customers' perception of the quality of the service delivered and the employees' friendliness and attentiveness during the service interaction exert the most significant effect on their satisfaction. This information provides useful and practical guidelines concerning the behaviour of employees which needs to be prioritised and developed in order for customer satisfaction to be achieved.

The second hypothesis (H_{C21}) formulated in this study, suggests that customers' overall satisfaction positively influences on individual behaviours. In order to measure the covariation existing between the variables, and the magnitude and direction of the relationships, the correlation method of Spearman's was applied.

Table 6: The relationship between customers' overall satisfaction and behaviours, based on Spearman correlations.

Customer Behaviours	Overall Satisfaction	Significance Level
Recommendation	0,577	0,000
Stay again (repeat business)	0,552	0,000

The magnitudes of the coefficients reveal the moderate and statistically highly significant ($p < 0,001$) relationship between customer satisfaction, and recommendations and repeat business. In order to better perceive the effect of customers' overall satisfaction concerning

behaviour as a whole, a simple regression analysis was conducted. Through a data transformation process, the values displayed by both behaviours were combined and transformed into a new variable. The overall satisfaction of customers was maintained as the independent variable and the new variable, represented by the average value of both behaviours, was placed in the dependent variable position. After the regression, the results are as follows:

Table 7: Customer behaviours predicted by their overall satisfaction, based on a regression analysis.

	β Standardised	F-Value	Significance Level
Customer behaviours	0,613	47,570	0,000
R ² : 0,376 Significance level: 0,000			

These results demonstrate the magnitude and holistic effect of the customers' overall satisfaction on recommendations and repeat business. In this case, the quite strong and positive effect that customer satisfaction (considered as the predictor variable) has on the criterion variable of behaviours could be evidenced. The significant F-value of this regression evidences that statistically the model is highly significant. Therefore, it can be inferred that variations in the overall satisfaction of customers contribute to explain the positive or negative changes in their behaviours.

Among the innumerable possible behaviours customers can engage in as a result of their satisfaction, only customers' recommendations and repeat business were selected for empirical examination. Research has shown that both of them have been considered as good indicators, displaying indirectly or directly, the loyalty of customers. Table 8 presents an overview of the findings obtained through the conduction of two simple (univariate) linear regressions. They demonstrate that overall satisfaction is an important predictor variable of positive customer behaviours.

Table 8: Customer behaviours predicted by their overall satisfaction, based on simple regressions.

Customer Behaviours	β Standardised	Significance Level
Recommendation	0,598	0,000
Stay again (repeat business)	0,283	0,000

The results of both regressions reveal the individual contribution and effect of customers' overall satisfaction on recommendations and repeat business. The magnitude of the standardised coefficients reveals the weak and moderate effect of customer satisfaction on repeat business ($\beta = 0,283$) and recommendations ($\beta = 0,598$) respectively. Their positive sign and significance level ($p < 0,001$) indicate the positive direction of their

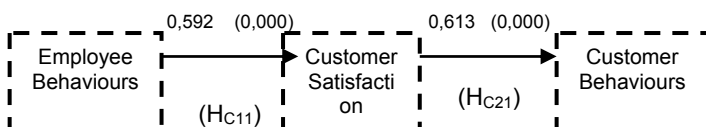
effect and their statistical validity. Therefore, it could be said that satisfied customers are likely to engage in positive behaviours such as recommendations and repeat business, which indicates the importance of satisfaction for the development of favourable behaviours.

When the magnitudes of the coefficients are compared to each other, it is possible to perceive that customers' intention to stay again in the hotel resulted to be lower than their likelihood to recommend. The act or the intention to recommend may indicate that customers received a superior service and treatment from employees distinguishable from inferior competition (Homburg and Giering, 2001). Recommendations are suggestions or exhortations that individuals (e.g. customers) make to relatives, friends and colleagues as an expression of their satisfaction caused by a notable or outstanding service experience. A reason for guests to recommend a hotel may be related to or motivated by their wish to share their positive experience.

From a practical perspective, while customer recommendations are (positive) verbal references, their intention to repeat business is a decision that implies a future economic behaviour, with the season and individual preferences playing an important role. This means that customers can actively recommend the hotel where they spent their holidays, but their preference to visit another country or to stay in another hotel, may explain their likelihood to recommend more than returning.

In this study, customers' overall satisfaction was related to the behaviours of employees during the service encounter. At the same time, their satisfaction was assumed to be an important predictor of behaviours. The findings of this investigation provided theoretical and empirical support to both initial propositions. An overview of the results is displayed in Figure 2:

Figure 2: Model based on regression analysis summarising the empirical results of this study.



Recommendations for future research: introducing the concept of identity

This work has sparked the interest of the researchers to refine research on customer related employee behaviour and its positive implications on beneficially guiding customers' behaviour towards corporate objectives. The identity construct has been frequently studied in the fields of social psychology, sociology and marketing and proved relevant in associating company values with long lasting client values and, by doing so, initiating and triggering customer behaviour conducive for corporate objectives, as recommendations or sponsoring.

Research based on this micro sociological concept, so far, however, referred mainly to not for profit institutions. In general, this theory suggests that individuals define or classify themselves in terms of several social categories that "reflect roles in differentiated networks of interaction" (Arnett, German and Hunt, 2003:92). Individuals' self-concept (Gardner, 2003), e.g. political or religious affiliation, personal relationship, nationality or ethnic group, facilitates their self-definition within a social environment, enhances their identification with a group and motivates individual behaviours associated with a certain social identity (Gwinner and Swanson, 2003).

The concept of identity salience suggests that self-conceptions are hierarchically arranged and those having more relevance for the self will be more likely to influence individual's identity-related behaviours (Arnett, German and Hunt, 2003). A particular identity becomes salient "as a function of the interaction between the characteristics of the perceiver and of the situation" (Stets and Burke, 2000:231). Therefore, customers' identity salience may play an important role at the point of consumption or purchase of a product or service. During their lives, people show a tendency to repeatedly and continually enact salient role behaviour as they are anticipating a positive return for themselves from this enactment. According to Arnett, D. *et al.*, (2003:89) "consumers often receive benefits from marketing exchanges that go beyond basic economic benefits".

This statement reflects the actual precondition for the application of identity as a micro-sociological construct. Moreover, this might imply a new role of marketing in relation to the responsibility for the personal well being of the customer and eventually in relation to increased social and corporate responsibility. The hotel and tourism industry is regarded to represent a good basis for future experimental research, due to the strong involvement of the customers' emotion and experience.

People have as many identities as distinct networks of relationships (Stryker and Burke, 2000). Therefore, among several alternatives, individuals will be likely to engage in identity-related behaviours that are consistent with the role or position they own and the identity salience that provide more meaning for the self in the specific situation (Arnett, German and Hunt, 2003). At the same time, individuals will be likely to display favourable perceptions and attitudes toward the products or services that represent such identities. Previous studies (i.e. Arnett, German and Hunt, 2003) suggest that satisfaction, among others, might be seen as an antecedent triggering behaviour related to the salient identity role.

This might imply a new theoretical perception of customer satisfaction and the consideration of identity as the central concept. As there are also different roles relevant to a situation, there might be hypothesized different levels of satisfaction with a respectively different set of predictors. It is assumed that the

inclusion of the identity concept might also have a significant bearing on the confirmation/ disconfirmation paradigm and the rewards-cost balance theory applied in this study. It is hypothesized that these theories have to differentiate according to different identity roles.

Future studies should also investigate if salient identity roles have to be differentiated by cultures.

Furthermore, it is hypothesized that trying to authentically and consistently design a communicative bridge to the salient identity role of the customer (as a precondition to trigger the salient identity behaviour, i.e. word-of-mouth or sponsoring, to the benefit of the company) will entail new requirements for employee behaviour. Employees are expected to empathetically consult on the 'same eye level' and should be supported by the integrated marketing mix focussing on the salient identity role as well. CRM, social responsibility, emotional intelligence, transaction analysis, branding and corporate identity are suggested to be tested as relevant and internally consistent concepts.

Customers' decisions to purchase a product are also influenced by a brand's identity and an integrated marketing communication. "A brand begins its life through differentiation, and climbs upwards as its relevance is recognised" (Lory and McCalman, 2002:419). According to Chevron Corp's Paul Casadont "a brand is a number of things. It's the collective perceptions of your customers; it's a relationship based on experience and expectations; it's defined by functional and emotional benefits; and it's a means to simplify decision making. A brand is not simply an ad, a logo, a spokesperson, a product or a name. It's all of these things, along with customer interaction" (Browne, 2005:29).

Within the context of social identity, customers' awareness of a brand begins with the value they place on the product (e.g. internal meaning) and the extent to which it corresponds to the expectations attached to that identity (Stryker and Burke, 2000). Brands create impressions and value (Bliss and Wildrick, 2005) "involving functional, emotional and/or self-expressive benefits" (Lory and McCalman, 2002:413). Since customer's identification with a product/brand is a manifestation of their social identity, individuals with strong self-categorisations will be likely to perceive brand-related information as identity-relevant, leading to a strengthened brand association and identity-related behaviours (e.g. purchase/consumption) (Underwood, Bond and Baer, 2001). According to Ball and Tasaki (1992:159) "objects that are socially visible; expensive; reflective of individual's roles, relationships, accomplishments, and experiences; and usually "personalised" by the efforts of their owners are clearly more likely to reflect self".

The perceived value and customers' positive experience with the brand (e.g. functional and emotional fulfilment of

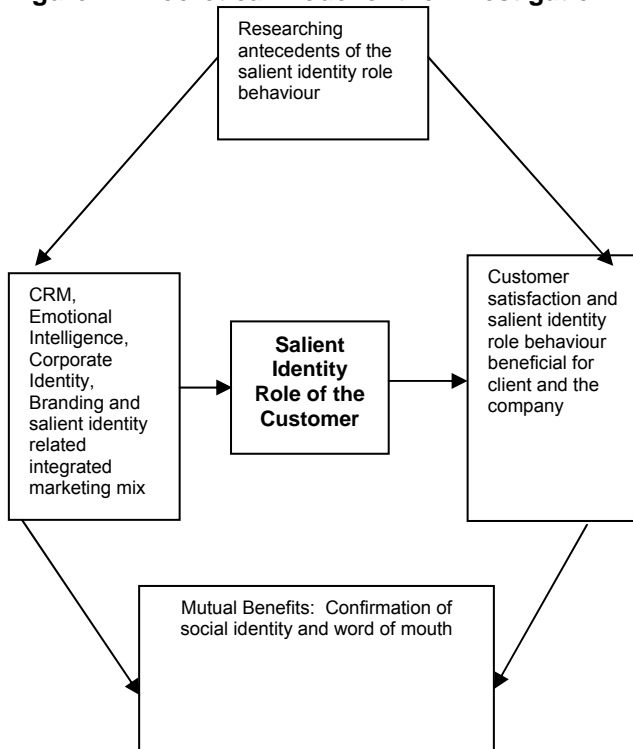
needs), provides not only a sense of identification that will be transmitted to others, but also a confirmation of their social identity (Ball and Tasaki, 1992). For example, identity-designed products/services are strategically developed to entice people to buy them, based both on their economic and non-economic benefits. Therefore, social identity can be perceived as both an antecedent and a consequence of customers' purchase/ consumption behaviour (Underwood, Bond and Baer, 2001). This is based on the assumption that after a purchase or consumption, the favourable experience with the product/service provides a sense of self-identification and confirms the individual's identity.

The identity concept might also serve as a new basis for segmentation strategies. Operational aspects of identity related employee behaviour, more specific antecedents of salient identity behaviour rather than more general factors such as friendliness and attentiveness, could be elicited. These could form the basis for more awareness and meaningfulness in the area of employee behaviour and service as well as the integrated marketing mix. In doing so, higher levels of satisfaction and more efficient use of marketing budgets are anticipated.

Summarizing, several factors indicated the relevance of the identity concept in this field of studies:

- the relationship between positive customers' behaviour and the companies' long-term success
- the importance of the employees' customer-orientated behaviour
- the notion that positive behaviours are triggered based on ex ante expectations or ex post reflection
- the importance of relationships for customer satisfaction
- the perception of customer satisfaction as an evaluation process (see salient identity concept)
- the customers' search for benefits that are not purely economical; and
- antecedents of customer satisfaction showing close affinity to the identity concept.

Based on exploratory qualitative research stages to elicit the antecedents of the respective salient identity behaviour, future quantitative studies are recommended to explain the dependent variable 'salient identity role' by more holistic independent variables (referring to identity relevant employee behaviour, CRM, branding and the integrated marketing mix in the hotel and tourism industry). By doing this, higher values of the standardised coefficients might be achieved. The model below comprises the main theoretical points to be developed, examined and analysed in the course of this study:

Figure 1: Theoretical model of the investigation.

Conclusion

Due to the interactive nature of service delivery, employee behaviours and responses during the encounter revealed themselves to be important contributors of the satisfaction of customers, where their friendliness and attentiveness, as well as the quality of the service delivered, played an important role. Such behaviours were found to transform the service encounter into a highly satisfactory incident. Managerial implications refer to prioritising training aspects to focus on the various dimensions of service quality, as well as friendliness and attentiveness and to provide, beyond employee behaviour, the organisational preconditions for service quality and friendliness and attentiveness (i.e. fostering a corporate culture based on very good employee relationships). It could be demonstrated as well, that customers satisfied with the service experience created by employees are likely to engage in positive behaviours and intentions. Managerial implications, in this context, might be seen in that recommendation of the hotel service is not synonymous with repurchase. For the reasons addressed, this might be seen as to be idiosyncratic for the hotel industry. These, point to the first limitation of the study of the Austrian hotel industry in terms of the need to differentiate as to other industries and cultures.

The research objective was to more generally establish a relationship between customer satisfaction, as the mediating variable, and its antecedents and consequences as well as to provide a general quantitative research methodology to achieve this. A more comprehensive inclusion of antecedence, as well as consequence factors might lead to stronger

correlations and, implicitly, to more detailed managerial implications.

These results lead to the belief that organisations cannot just assume or guess what satisfies customers the most; instead, the measurement and identification of the satisfaction dimensions are only the first part of the process to improve it. This process should not only include the collection of relevant information of customers, but should also involve all employees. Simply telling the workforce that customer satisfaction as a priority is not enough. Managers should establish concrete objectives that employees can follow, such as the translation of the drivers of customer satisfaction into concise customer-oriented behaviours that employees can pursue. A stronger consideration of the identity concept might contribute to comprehensively refine customer needs, the consequent employee behaviour leading to higher levels of customer satisfaction. Managerial implications, in this respect, refer to a more efficient communication with the customer leading to higher levels of loyalty and profitability but also corporate responsibility.

References

- Anderson, E. & Mittal, V. 2000. Strengthening the satisfaction-Profit-Chain. *Journal of Service Research*, 3(2):107-120.
- Anderson, E. & Sullivan, M. 1993. The Antecedents and Consequences of Customer Satisfaction for Firms. *Marketing Science*, 12(2):125-143.
- Arnett, D., German, S. & Hunt, S. 2003. The Identity Salience Model of Relationship Marketing Success: The Case of Non-profit Marketing. *Journal of Marketing*, 67:89-105, April.
- Astrom, A. & Okullo, I. 2003. Validity and reliability of the oral impacts on daily performance (OIDP) frequency scale: a cross-sectional study of adolescents in Uganda. *BMC Oral Health*, 3(5):1-9.
- Ball, D. & Tasaki, L. 1992. The Role and measurement of Attachment in Consumer Behaviour. *Journal of Consumer Psychology*, 1(2):155-172.
- Pine, B.J. & Gilmore, J.H. 2000. Satisfaction, sacrifice, surprise: three small steps create one leap into the experience economy. *Strategy & Leadership*, 28(1-2):253-275.
- Beerli, A., Martin, J.D. & Quintana, A. 2004. A Model of Customer Loyalty in the Retail Banket Market. *European Journal of Marketing*, 38(1-2):253- 275.
- Bienstock, C.C., DeMoranville, C.W. & Smith, R.K. 2003. Organizational Citizenship Behavior and Service Quality. *Journal of Services Marketing*, 17(4):357-378.

- Bitner, M.J. 1990. Evaluating Service Encounters: The Effects of Physical Surroundings and Employee Responses. *Journal of Marketing*, 54(2):69-82.
- Bitner, M.J. & Hubbert, A. 1994. Encounter satisfaction versus overall satisfaction versus quality: The customer's voice. In Rust, R.T. & Oliver, R.L. (eds.), *Service Quality: New directions in theory and practice* :72-94. New York: Sage Publications.
- Bitner, M. J., Booms, B. & Tetreault, M. 1990. The service encounter: Diagnosing Favourable and Unfavourable Incidents. *Journal of Marketing*, 54:71-84, January.
- Bliss, J. & Wildrick, M. 2005. How to build a personal brand. *Consulting to Management*, 16(3):6-10.
- Bloemer, J.M. & Kasper, H.D. 1995. The Complex relationship between Consumer Satisfaction and Brand Loyalty. *Journal of Economic Psychology*, 16:311-329.
- Browne, M. 2005. Building a Brand Identity - and Maintaining it. *Convenience Store News*, 4(10):29.
- Cadotte, E.R., Woodruff, R.B. & Jenkins, R.L. 1987. Expectations and Norms in Models of Consumer Satisfaction. *Journal of Marketing Research*, 24(3):305-314.
- Churchill, G.A. & Surprenant, C. 1982. An Investigation into the Determinants of Customer Satisfaction. *Journal of Marketing Research*, 19(4):491-504.
- Cortina, J. 1993. What is Coefficient Alpha? An examination of Theory and Applications. *Journal of Applied Psychology*, 78(1):98-104.
- Cronin, J.J., Brady, M.K. & Hult, T. 2000. Assessing the Effects of Quality, Value, and Customer Satisfaction on Customer Behavioural Intentions in Service Environments. *Journal of Retailing*, 76(2):193-218.
- Czepiel, J., Rosenberg, L.J. & Surprenant, C. 1980. *The Development of Thought, Theory and Research in Customer Satisfaction*. Paper presented at the American Marketing Association Special Educator's Conference.
- Gardner, R. 2003. "Identity Frames", *Identity Frames revista*.
http://www.beyondintractability.org/essay/identity_frames/
[25 April 2003].
- Gierl, H. 1993. Zufriedene Kunden als Markenwechsler. *Absatzwirtschaft*, 36(2):90-94.
- Giese, J. & Cote, J. 2000. Defining Consumer Satisfaction. *Academy of Marketing Science Review*, 2(1):1-12.
- Goff, B., Bloes, J., Bellinger, D. & Stojack, C. 1997. The Influence of Sales-Person Selling Behaviours on Customer Satisfaction with Products. *Journal of Retailing*, 73(2):171-181.
- Gotlieb, J.B., Grewal, D. & Brown, S. 1994. Customer Satisfaction and Perceived Quality, Complementary or Divergent Constructs? *Journal of Applied Psychology*, 79(6):875-885.
- Gremler, D.D. & Gwinner, K.P. 2000. Customer-employee rapport in Service Relationships. *Journal of Services Research*, 3(1):82-104.
- Grewal, D. & Sharma, A. 1991. The effect of salesforce behaviour on customer satisfaction: An interactive framework. *Journal of Personal Selling & Sales Management*, 11(3):13-23.
- Grund, M.A. 1998. *Interaktionsbeziehungen im Dienstleistungsmarketing*. Wiesbaden: Gabler Verlag.
- Gwinner, K. & Swanson, S. 2003. A model of fan identification: Antecedents and sponsorship outcomes. *The Journal of Services Marketing*, 17(2/3):275-294.
- Hallowell, R. 1996. The Relationship of Customer Satisfaction, Customer Loyalty and Profitability; an Empirical Study. *International Journal of Service Industry Management*, 7(4):27-42.
- Homburg, C. & Giering, A. 2001. Personal characteristics as moderators of the relationship between customer satisfaction and loyalty - An empirical investigation. *Psychology and Marketing*, 18(1):43-66.
- Keiningham, T.L., Perkins-Munn, T., Aksoy, L. & Estrin, D. 2005. Does Customer Satisfaction lead to profitability? The mediating role of share-of-wallet. *Managing Service Quality*, 15(2):172-181.
- Kotler, P., Wong, V., Saunders, J. & Armstrong, G. 2005. *Principles of Marketing*, (4th ed.). UK: Prentice Hall.
- Lee, Y.K., Nam, J-H., Park, K.A. & Lee, K.A. 2006. What factors influence customer-oriented prosocial behavior of customer-contact employees? *Journal of Services Marketing*, 20(4):251-264.
- Lory, M. & McCalman, J. 2002. Management consultancies as brands: Can David learn from Goliath? *Journal of Brand Management*, 9(6):412-429.
- Mairamhof, G. 1996. *Handling Customer Disconfirmations*. Wiesbaden: Deutscher Universitäts Verlag.

- Mangold, W., Miller, F. & Brockway, G. 1999. Word-of-mouth communication in the service marketplace. *Journal of Services Marketing*, 13(1):73-87.
- March, J. & Simon, H. 1958. *Organisations*. New York: Wiley.
- March, J. & Simon, H. 1976. *Organisation und Individuum: Menschliches Verhalten in Organisationen*. Wiesbaden: Gabler.
- Mittal, V., Ross, W. & Baldasare, P. 1998. The Asymmetric Impact of Negative and Positive Attribute-Level Performance on Overall Satisfaction and Repurchase Intentions. *Journal of Marketing*, 62(1):33-47.
- Nachmias, D. & Nachmias, C. 1981. *Research Methods in the Social Sciences* (2nd ed.). New York: St. Martin's Press.
- Ndubisi, N.O. 2006. Effect of gender on customer loyalty: a relationship marketing approach. *Marketing Intelligence and Planning*, 24(1):48-61.
- Norusis, M. 2002. *SPSS 11.0 Guide to Data Analysis*. New Jersey: Prentice Hall.
- Oliver, R.L. 1977. Effect of Expectations and Disconfirmation on Postexposure Product Evaluations: An Alternative Interpretation. *Journal of Applied Psychology*, 62(4):480-486.
- Oliver, R.L. 1980. A Cognitive Model of the Antecedents and Consequences of Satisfaction Decisions. *Journal of Marketing Research*, 17(4):460-469.
- Oliver, R.L. 1981. Measurement and Evaluation of Satisfaction Process in Retail Setting. *Journal of Retailing*, 57(3), 25-48.
- Oliver, R. L. 1997. *Satisfaction: A Behavioural Perspective on the Consumer*. New York: McGraw-Hill.
- Oliver, R.L. & Bearden, W.O. 1985. Disconfirmation Process and Consumer Evaluations in Product Usage. *Journal of Business Research*, 13:235-246, June.
- Olson, J. & Dover, P. 1979. Disconfirmation of Consumer Expectations through Product Trial. *Journal of Applied Psychology*, 64:179-189.
- Pelham, A. 2006. Do consulting-oriented sales management programs impact sales force performance and profit? *Journal of Business & Industrial Marketing*, 21(3):175- 188.
- Peterson, R. & Wilson, W. 1992. Measuring Customer Satisfaction: Fact and Artifact. *Journal of the Academy of Marketing Science*, 20(1):6171.
- Pfeffer, J. 1994. *Competitive Advantage through: Unleashing the Power of the Workforce*. Boston: Harvard Business School Press.
- Rust, R.T. & Zahornik, A.J. 1993. Customer Satisfaction, Customer Retention and Market Share. *Journal of Retailing*, 69(2):193-215.
- Ryan, A., Schmit, M. & Johnson, R. 1996. Attitudes and Effectiveness: Examination at an Organizational Level. *Personnel Psychology*, 49(4):853-881.
- Schmit, M. & Allscheid, S. 1995. Employee Attitudes and Customer Satisfaction: Making Theoretical and Empirical Connections. *Personnel Psychology*, 48:521-536.
- Schnitzler, L. 1996. Kunde als König. *Wirtschaftswoche*, 86-94, 17 October 1996.
- Schütze, R. 1992. *Kundenzufriedenheit: After-Sales-Marketing auf industriellen Märkten*. Wiesbaden: Gabler Verlag.
- Sergeant, A. & Frenkel, S. 2000. When Do Customer Contact Employees Satisfy Customers? *Journal of Service Research*, 3(1): 18-34.
- Solomon, M., Surprenant, C., Czepiel, J. & Gutman, E. 1985. A Role Theory Perspective on Dyadic Interactions: The Service Encounter. *Journal of Marketing*, 49(1):99-111.
- Stets, J. & Burke, P. 2000. Identity Theory and Social Identity Theory. *Social Psychology Quarterly*, 63(3):224-237.
- Stewart, K. 1998. An exploration of customer exit in retail banking. *International Journal of Bank Marketing*, 16(1):6-14.
- Stryker, S. & Burke, P. 2000. The Past, Present, and Future of an Identity Theory. *Social Psychology Quarterly*, 63(4):284-297.
- Sundaram, D.S. & Webster, C. 2000. The role of nonverbal communication in service encounters. *Journal of Services Marketing*, 14(5):378-391.
- Surprenant, C.F. & Solomon, M.R. 1987. Predictability and Personalization in the Service Encounter. *Journal of Marketing*, 51(2):86-96.
- Svensson, G. 2001. The quality of bi-directional service quality in dyadic service encounters. *Journal of Services Marketing*, 15(5):357-378.
- Taylor, S.A. & Baker, T.L. 1994. An Assessment of the Relationship between Service Quality and Customer Satisfaction in the Formation of Customers' Purchase Intentions. *Journal of Retailing*, 70(2):163-178.

Tornow, W. W. & Wiley, J. W. 1991. Service Quality and Management Practices: A Look at Employee Attitudes, Customer Satisfaction and Bottom-Line Consequences. *Human Resource Planning*, 14(2):105-115.

Underwood, R., Bond, E. & Baer, R. 2001. Building service brands via social identity: Lessons from the sports marketplace. *Journal of Marketing Theory and Practice*, 9(1):1-13.

Vranesevic, T. Vignali, C. & Vrontis, D. 2006. *Marketing and Retailing Strategy*. Zagreb: Accent.

Westbrook, R. 1981. Sources of Consumer Satisfaction with Retail Outlets. *Journal of Retailing*, 57(3):68-85.

Westbrook, R. & Reilly, M. 1983. Value-Percept Disparity: An Alternative to the Disconfirmation of Expectations Theory of Consumer Satisfaction. In Bagozzi, R. & Tybout, A. (eds.). *Advances in Consumer Research*, 10:256-261. Ann Arbor, MI: Association for Consumer Research.

Yeung, M. & Ennew, C. 2001. Measuring the impact of customer satisfaction on profitability: A sectoral analysis. *Journal of Targeting, Measurement and Analysis for Marketing*, 10(2): 106-116.

Zineldin, M. 2006. The royalty of loyalty: CRM, quality and retention. *Journal of Consumer Marketing*. 23(7):430-437.

Consumer Protection Awareness in South Africa

Roger Mason

Department of Marketing, Durban University of Technology, South Africa and Honorary Research Fellow, University of Wolverhampton Business School, U.K.
Contact details: P.O. Box 1334, Durban, South Africa, 4000. Tel.: +27 31 308 5385. Fax: +27 31 308 5480. e-mail: rogerm@dut.ac.za

Abstract

This paper addresses the lack of knowledge about awareness of consumer protection in South Africa, especially amongst disadvantaged consumers. Literature shows that there is a high correlation between the level of economic development and the awareness of consumer rights. The more developed a country is, the more aware its people will be in terms of their consumer rights. The less developed a country is, the lower the level of consumer rights awareness consumers will have. Consumers, like any other citizens of a country, have a right to be protected by the law. Private and non-governmental organisations and the consumer councils should ensure that the interests and rights of consumers are well protected.

This study involved a literature review and an exploratory empirical study into the effect of income and education on awareness of consumer protection. A sample of Durban consumers was studied. A strong, positive relationship between consumer protection awareness and income and education was found. Recommendations for actions which should improve consumer protection awareness amongst low income, poorly educated consumers, are suggested in this study, while, further research to develop a deeper understanding of the problem is also suggested.

© 2007 World Research Organization. All rights reserved

Keywords: consumerism, consumer protection, consumer rights, consumer knowledge, education, income.

Citation: Mason, R. (2007). Consumer protection awareness in South Africa. *World Journal of Retail Business Management*. 1 (1), 27-35

“Consumerism appears to have become part and parcel of the very fabric of modern life. Areas of social life that were previously free of the demand of the marketplace, including religion, have to adapt to a world where the needs and desires of the consumer are apparently paramount” (Miles, 1998: 1).

Introduction

Consumer matters are sensitive issues in developed countries. People know their rights and enforce them. They pay their money and demand value for their money. Marcella and Baxter (2000), in a national survey in the United Kingdom, found that the general public felt that they were generally well informed about citizenship issues and that three quarters were well informed about their legal rights. In the United States, consumerism is

prevalent, with savvy consumers being aware of choices (Jennemann, 2003). Consumers in less developed countries (LDC) do not seem to have these levels of awareness of consumer protection activities and of their rights to consumer protection. Although they may be aware of their rights, they do not stand up and fight for them. Kaynak (1985) found little evidence of active consumerism in less developed countries, since most consumerism is seen as a governmental and legislative matter. It is for this reason that governments in LDCs should accelerate up their efforts to educate consumers concerning their rights. They should also create an environment, which is conducive to consumerism through the enactment of laws that are necessary for protecting the interests and rights of the consumers.

From the above it can be seen that developed and less developed countries seem to fall into different stages of consumerism. Kaynak (1985) reports on different consumerism life cycle models, with four stages identified, namely crystallization, organization, institutionalization and conceptualization (Table 1). The more developed countries tend to fall into the institutionalization or conceptualization stages, while the LDCs fall into the crystallization or organizational stages. The implication is that more governmental action was required to pull the LDCs into the institutionalization stage.

Table 1: Consumerism life cycle

<p>Stage 1 – Crystallization Regulation of producers to encourage competition Antitrust phase of regulation No organized, national consumer movement</p>	<p>Stage 2 – Organization Consumers begin to organize to gain a voice in legislation. Independent, voluntary organizations formed. Emphasis placed on: a) consumer education, b) comparative product testing, c) standard sizes, and d) informative labelling.</p>
<p>Stage 3 – Institutionalization Local and central government intervene in market on behalf of customer. Emphasis on: a) consumer affairs, b) competition policy, c) policies on trade marks, patents, copyrights.</p>	<p>Stage 4 – Conceptualization Consumer involvement in almost all macro issues. Complete consumer involvement in broader policy issues.</p>

Source: Adapted from Kaynak, 1985: 17.

Justification of the Research

South Africa is generally regarded as a dual economy, being made up of developed and less developed sectors. It is, therefore, difficult to place South Africa into only one of Kayak’s stages of consumerism. It seems likely that the developed components of the South African economy would fall into the institutionalisation stage, while the less developed sectors would fall into either the crystallization or organization stages. Lewis (2004) implies the former, saying that South African consumers are poorly organized, with little involvement of consumer representatives with government. This he finds surprising considering the degree of consumer activism during the anti-apartheid struggle – potato, red meat, pasta, rent, bus and electricity payment boycotts were well organized and effective. Although generally few people are activists (Marcella and Baxter, 2000), the removal of apartheid appears to have discouraged consumers even more from consumer activism. This may be because these activities were essentially political rather than consumer acts. However, for the first time consumers cannot avoid consumerism and its full

consequences in their daily life, and therefore, need to understand it and engage with it (Kitching, 1999).

Many South African consumers do not seem to be aware of their basic consumer rights or of the legislation, which is available to protect them (Lewis, 2004; NEDLAC, 2003; Higgs-Klein, Abratt and Brewer, 2000). This is consistent with Kayak’s (1985) finding that activities by government and the media to protect consumers, do not always lead to an increase in consumerism. He claims that an increase in the number of products and services produced, are required, as well as and an improvement in the socio-economic status of the LDC (especially income distribution and education levels). Broadly speaking, these requirements have either been achieved or are the subject of clear governmental policies. Therefore, it appears that some of the pre-conditions for consumerism in South Africa have been addressed.

However, without awareness of their rights, consumers would not know to take advantage of the infrastructural improvements that are being established. Furthermore, lack of awareness can put consumers at risk in other ways. For example, lack of consumer awareness means that they may not be informed of:

- the dangers of hazardous chemicals and may not be aware of the legislation that protects them (NEDLAC, 2003);
- their rights in relation to foodstuffs, especially related to biotechnologically altered food (Moolman, 2004); and
- consumer remedies for reducing cyber-crime, for example, strategies related to cooling off periods, unsolicited goods and services, and complaints to Consumer Affairs Committee (Stavrou, 2000).

It is, therefore, important to clearly identify if awareness of consumer protection and consumer rights is in fact, a problem in South Africa. If this is the case it might indicate the need for intense consumer educational programmes teaching consumers their rights. In addition, intense use of the media may also be required to increase consumer awareness. This would result in consumers being aware of their rights, knowing where and to whom to go to if they feel disadvantaged or have not been able to get satisfaction. Since businesses have a reasonably high understanding of consumerism and consumer protection (Sardha, 2000), it could be expected that businesses will turn to more fair business practices if consumers start showing an increase in consumer protection awareness and an increase in consumer activism.

Literature Review

Consumerism is defined as “a movement of consumers whose aim it is to improve the rights and powers of buyers in relation to sellers” (Kotler et al., 1998, cited in Quazi, 2002: 36). Up until the 1960s, consumerism was essentially an individual act, with individual consumers

taking actions against companies to satisfy grievances. The organized consumer movement was started by the widely publicised activities of activists such as Ralph Nader and the promulgation of President John F. Kennedy's Charter of Consumer Rights (Kaynak, 1985; Quazi, 2002). According to Kotler (1972, cited in Quazi, 2002; 36), the consumerism movement arose due to six factors, which included changes to, and discontentment with, economic, social and ecological systems; growing dissatisfaction with detrimental or unethical business practices; mobilization of, and support from, the media and unions; and inadequate responses from business and government to these factors. In other words, consumers' needs have not been met, their genuine satisfaction has been ignored, and their trust betrayed.

Consumer Movement in South Africa

According to McQuoid-Mason (1997), the consumer movement began in the late 1960's in South Africa. This movement was supported by the government in 1972 when the government established the South African Coordinating Consumer Council as an umbrella body to coordinate consumers' interests. However, the Consumer Council was often criticized for being too closely connected with the interest of businesses and the government's financial departments. The consumer movement in South Africa is still in its infancy. Organisations such as the Housewives League, The South African National Consumer Union and the National Black Consumer Union have existed for several years but have had a limited lobbying influence on government and business (McQuoid-Mason, 1997).

The media, which include radio, newspapers and television, on the other hand, have played an important role in protecting consumers and drawing consumer abuses to the attention of the public. Many consumer journalists have assisted consumers through the threat of adverse publicity for unscrupulous business organisations or traders. According to McQuoid-Mason (1997), the electronic media, in the form of the television programme 'Fair Deal' and the radio programme 'Price Tags', have played a major role in giving consumers a voice to air their complaints. The media (electronic and print) has been one of the most powerful weapons that consumers in South Africa could use until a proper consumer movement would develop. Several professional associations provide protection for consumers, but, generally, these are less effective than independent consumer protection agencies

Consumers in the first world - third world context

South Africa is a mixture of first and third world countries, including components of developed and less developed economies. 33% of the population earns less than R1000 a month, about half the population have inadequate water and electricity supply and lack modern sanitation facilities, and 24% of the adult population is unemployed (Statistics South Africa, 2003). South

Africa, therefore, has a large LDC component to its economy.

In many countries the poor pay more for consumer purchases. According to Miles (1998), a study in the United States showed that price levels in comparable stores in high income and low-income neighbourhoods were similar, but that prices were higher in the small businesses that are common in low-income areas. Even though large numbers of poor people go outside their neighbourhoods to shop, many buy from the smaller stores despite their higher prices. Statistics South Africa (2003) shows that, in South Africa, the majority of poor people are Africans and there is no doubt that they are subjected to the same consumer purchasing patterns as poor people in other countries. According to McQuoid-Mason (1997) this is definitely true in South Africa, where for many years the apartheid restrictions on commercial activity in the townships prevented the development of supermarkets in these townships.

Causes of development of consumerism

In order to understand the development, momentum and durability of consumerism, it is necessary to identify the underlying problems and reasons that have led to its development.

Information gap

Prior to the development of consumerism, buyers were usually quite competent to make most of their own buying decisions (Aaker, 1978). The goods were as simple as their needs. However, over the last fifty years things have changed dramatically. Products have grown in quantity and complexity. Product complexity, in turn, requires more evaluation of dimensions related to new performance, convenience of product and other issues such as the ecology. With technology advancing so quickly, the information gap has widened and consumers are no more equipped to make decisions concerning the quality of goods and services. This is similar to Kotler et al's. (1998, cited in Quazi, 2002) argument that societal developments have resulted in complexity in marketing and technology, resulting in contradictions for the consumer. Advertising has also failed to correctly inform consumers (Aaker, 1978). Advertisements appeal to or create unnecessary wants; consumers have become sceptical about the usefulness and trustworthiness of information provided by commercial sources. Promotion of unrealistic or unsupported expectations and exaggeration about performance of a product has made consumers sceptical of marketing. This factor is also identified by Kotler et al. (1998, cited in Quazi, 2002), who see questionable marketing and business practices as precipitating consumer dissatisfaction. The gap has also widened owing to the lack of time for shopping and because of the competing activities that accompany the new lifestyles.

Antagonism towards advertising

There are other complaints that stimulate specific consumerism issues (Aaker, 1978). These are:

- Intrusiveness and clutter – increasing numbers of viewers believe there is more advertising on television than programmes;
- Irritation is increasingly occurring when an advertisement is irrelevant to the target audience or does not respect their privacy, values or intelligence;
- Stereotyped role portrayals - advertisements that perpetuate stereotypes and new roles such as working mothers are often ignored; and
- Promotion of unrealistic or unsupportable expectations – a product may be associated with a certain lifestyle which the product cannot realistically be expected to deliver.

Kotler et al. (1998, cited in Quazi, 2002: 36) refers to this dissatisfaction with advertising as “structural strain”, brought about by “questionable products”, deceptive advertising”.

Performance gap

Consumer expectations of product quality, performance and reliability have been steadily increasing, in part because the launch of new products has constantly stressed their improvements. However, such developments and improvements, generally, make products more complex, which make them more difficult to use and fully operate. Thus, consumers often cannot attain the promised performance levels.

The Disadvantaged: The Young, the Old and the Poor

Whatever problems the average consumers face, their capacity to cope with these problems is much greater than the three vulnerable groups in society. The poor have suffered from fraud; over-priced, poor quality products and services. Miles (1998) states that beggars on the streets of European cities provide a clear indication of the limitations of even the most advanced consumer cultures and of the fact that consumerism cannot always provide what it promises. Aaker (1978) points out that the young are vulnerable to dangerous products such as flammable toys and clothing and to unscrupulous television advertising. The aged, on the other hand, often lack the income to cope with their nutritional health and shelter needs. As their strength and faculties decline, they may lose their motivation to overcome these problems or to defend themselves against unfair sales practices.

Impersonal and unresponsive marketing institutions

The rise of self-service retailing, the declining ability of sales employees and the intervention of the computer into relations between the customers and the

organisation, have created an impersonal relationship. The fact that executives maintain a low profile makes it difficult for the organisation to develop a warm, personal image. The impersonal nature of markets has turned society into a ‘me’ society and the cocooning trend that was identified by Popcorn (1992) is now evident in Internet and catalogue shopping, Internet banking and chatting on the Internet. This unsatisfactory situation is alluded to by Kotler et al. (1998, cited in Quazi, 2002) in terms of business practices that are detrimental to the consumer and to the resistance to consumer activism that businesses exhibit.

Other factors

In addition to the above reasons for the development of the consumerism movement, Kotler et al. (1998, cited in Quazi, 2002) also mention the increasing support of the media and trade unions, inadequate support from legislative and governmental bodies and a growing discontent with society and its ability to provide the required quality of life, including issues such as environmental pollution.

Consumer protection

The basis of consumer protection is the law, which governs situations in which goods are exchanged for money. These laws cover a wide range of situations in which a consumer is involved. Most of the legislation that affects consumer protection is in the field of criminal law, and the main aim is to uphold high standards of trading. The consumer protection laws assure the consumer of a reasonable and acceptable level of quality (Stewart, 1978).

In the field of consumer affairs, certain government departments are responsible for law making (Roe, 1987). These include departments or ministries that are responsible for consumer protection, prices, trade, industry, commerce, agriculture, fisheries, food or home or internal affairs. These departments initiate most of the consumer legislation, including the laws that protect consumers in a free economic system, namely:

- Hire purchase laws that control the issuing of credit and credit facilities, bank overdrafts and the advertising of credit;
- Laws relating to fair trading, which limit the establishment of monopolies and which deal with general consumer matters;
- Laws relating to contracts of sale, especially where these limit the consumer’s rights, such as with guarantees and warranties; and
- Labelling of products with regard to ingredients, instructions, product description and claims, and name of producer

Major sources of consumer protection

There are three major sources that promote consumer protection, namely legal influence, political influence and competitive influence (Craston, 1978).

Legal influence

Legal influences are governmental, state and local legislation, and the agencies that are involved in reinforcing the laws and that investigate business practices. These agencies deal mostly with business competition and consumer protection. For example, mergers are often not good for consumers, so it is important for government to have oversight in order to protect the interests of consumers. The aviation industry is such an industry that is subject to scrutiny (FDCH Press Releases, 2001).

Political influence

This involves protecting consumer interest against misconduct and unfair dealings by business people and firms, and also includes the political pressure exerted to control marketing practices and activities by various consumer groups.

Competitive influence

Competitive influence refers to actions of other firms intended to affect each other, as well as consumers (Craston, 1978). "Competition is the life blood of commerce" (McQuoid-Mason, 1997:114) and, therefore, companies should compete within the boundaries of law. In South Africa, the Maintenance and Promotion of the Competition Amendment Act No. 88 of 1990 applies to acquisitions, restrictive practices and monopoly situations in the business world. This is an act that protects competitors and consumers against injustices by other competitors when companies are involved in marketing warfare (Woker, 1999).

Evidently, it is not only the government that is responsible for consumer protection - other organizations have an important role to play, and consumers can also form or organize their own movements to protect themselves from unscrupulous marketers. The international community has taken steps to ensure protection is extended to third world countries, as well as to western nations.

International consumer protection

The abuses perpetrated against consumers in both the first and third world have led to international developments in consumer protection. In 1985 the United Nations General Assembly adopted a set of *Guidelines on Consumer Protection* to assist countries (especially developing countries) to strengthen consumer protection policy and legislation, and to

encourage international co-operation (McQuoid-Mason, 1997).

The general principles in the guidelines cover a wide area and recommend that government establish a system to provide for:

- the physical safety of consumers;
- the protection of the economic interests of the consumer;
- access to enable consumers to obtain redress;
- distribution of essential goods and services;
- satisfactory production and performance standards;
- adequate business practices and informative marketing; and
- proposals for international co-operation in the field of consumer protection.

The guidelines also include more specific measures such as quality control for food, water and pharmaceuticals, as well as emphasizing the importance of adequate distribution facilities, standards and labelling. The South African government legislated in accordance with these guidelines in 1994.

The rights of the consumer

The original declaration of consumer rights by President Kennedy in 1962 created four basic principles: the right to safety, the right to be informed, the right to choose and the right to be heard (Peattie, 1995):

The right to safety: to be protected against products, production processes and services that are hazardous to health and life. Manufacturers are expected to disclose the risks and side effects that may occur from the incorrect use of products.

The right to be informed: to be provided with adequate information in order to make an informed choice and to be protected against dishonest or misleading advertising and labelling. This includes being informed of the ingredients that have been used in manufacturing the product. This is crucial if a consumer has an allergy to a certain chemical or component.

The right to choose: to be able to select from a range of products and services that are offered at competitive prices with an assurance of satisfactory quality. They should not be forced to use certain products, directly or indirectly. By stocking or not stocking certain products, consumers can be forced to use products that do not appeal to them.

The right to be heard: to have consumer interests represented in the making and execution of government policy, and in the development of products and services. Consumers should be listened to if there is something that they are not happy about or when they have lodged a complaint. According to Peattie (1995) the

International Organisation of Consumer's Unions has since supplemented these principles with four more which are:

The right to redress: to receive a fair settlement of just claims, including compensation for misrepresentation or unsatisfactory services. If consumers have been abused or exploited by sellers, they have redress in terms of the law. If goods are sold that have expired, are below standard, or are unsafe, faulty or of poor quality, courts, independent tribunals and arbitrators could be used to provide the consumer with redress (Grove, 1993).

The right to consumer education: to acquire knowledge and skills needed to make informed, confident choices about goods and services, while being aware of basic consumer rights, responsibilities and how to act on them. Consumers should also be educated about the correct usage of products, as the incorrect use of a product could lead to danger or disease.

The right to a healthy environment: to live and work in an environment that is non-threatening to the wellbeing of present and future generations. Water and air pollution can cause a health hazard to consumers.

The right to satisfaction of basic needs: to have access to basic essentials and services such as adequate food, shelter, health care and education.

These consumer rights are enshrined in the South African Bill of Rights (South Africa, 2006). Further categories of rights have subsequently been added to these by the International Organisation of Consumer's Unions (Peattie, 1995), such as:

- the right to honesty;
- the right to fair agreements;
- the right to privacy; and
- the right to correct abuses.

The role of the legal and regulation system

The legal system in South Africa has been harsh for the consumer, as common law has not provided adequate protection for all consumers. Until the first democratic national elections in 1994, South Africa had neglected the consumer rights of much of the population due to:

- The apartheid system, which obstructed the development of a real free enterprise system.
- The lack of extensive official research into the experiences of consumers in the marketplace.
- The vulnerability of uneducated, unsophisticated consumers with major differences in language, literacy and cultural norms for transacting business.

This has resulted in a chasm between consumers and suppliers, who have for a long time practised the 'take it

or leave it' approach to consumer relations. Recent surges in consumer complaints can be attributed to the increase in sophistication of consumers and to the political and economic development among consumers, especially black consumers (Smith, 1998).

The government has made and considerable effort in protecting the consumer. The South African Constitution was amended in 1998 and now provides major legal regulations to protect the rights of consumers. One of these is the Consumer Affairs Court Act 46 Of 1996, which provides for the investigation, prohibition and control of unfair business practices in the protection of consumers, to establish an office for the investigation of unfair business practices under the direction of a Consumer Protector and a consumer affairs court, as well as to authorize local authorities to establish consumer advice offices (South Africa, 1998).

Other South African bodies that contribute to consumer protection include:

The Small Claims Court:

This is a government funded body available to consumers who cannot afford high legal fees. Cases involving sums of money below R3 000 are handled by this Court. A consumer can take a company to this court, but not vice versa (McQuoid-Mason, 1988).

The South African Bureau of Standards (SABS)

The SABS establishes standards of safety and efficiency for a variety of consumer goods. All consumer products should be registered with this body. Should consumers have any complaints or grievances against any products in the market, they may lodge their complaints with this body (SABS, 2004).

The South African National Consumer Union

This is a non-governmental body that deals with consumer grievances. If consumers are not happy about a certain seller, or if consumers receive an unsatisfactory service from a service provider, they can report their complaints to this body, which also tries to increase the level of awareness amongst the society regarding the rights of consumers.

National Consumer Forum (NCF)

The NCF is a non-governmental body aimed at protecting and promoting consumer rights and interests in South Africa. They operate according to the United Nations Guidelines on Consumer Protection of 1985 (and as amended in 1999) ensuring that consumer rights find expression in consumer policy (NCF, 2004).

South Africans are still learning about consumer protection and how it works. During the apartheid era, South Africa was in the dark ages – all consumers were not really allowed to speak their minds or stand up for their rights. But things have changed and people have

the right to speak up and be heard. For South Africa to conform to the rest of the world, consumers should know where they stand in the marketplace, that is, they should know when they can stand up for their rights, and to whom they should go when they feel they have been wronged. Since a large percentage of the South African population is illiterate or semi-literate, awareness of consumer rights and protection cannot be taken for granted. It is essential to identify the extent to which education at a grassroots level is required.

Method

The main objective of the study was to investigate specific factors that may influence lack of knowledge about consumer protection. The research was exploratory in nature as it was intended to provide insights and understanding into consumer awareness. A sample of 60 respondents was interviewed personally in Durban at a major shopping centre and at the main railway station in order to maximise the probability of obtaining a sample that included both educated and less educated respondents. The data was collected through a self-completion questionnaire using quota sampling. Education was used as the control characteristic, and an effort was made to obtain an equal sample split between knowing and not knowing what consumer protection is, as well as a spread between those with different levels of education. This sample is illustrated in Table 2 below.

Table 2: Study sample

Education level	Knowledge of what consumer protection is			
	Yes		No	
	N	%	N	%
Primary school	0	0%	3	5%
Some high school	3	5.0%	13	21.7%
Matric	4	6.6%	10	16.7%
Some tertiary	7	11.7%	4	6.6%
Diploma/degree	9	15.0%	0	0%
Post graduate	7	11.7%	0	0%

Completed questionnaires were manually checked and edited, and analysis was conducted using the Statistical Package for the Social Sciences (SPSS) version 11.

Results

Education and income levels and knowledge of consumer rights

Respondents were asked to name any four basic consumer rights in order to determine if they knew what consumer protection is and how well they knew their rights. Education and income levels were also considered when this question was asked in order to identify whether or not there exists a relationship between consumer protection awareness, the level of education and the level of income. Furthermore, respondents were asked if they had ever written to a consumer organization in order to obtain some measure of their level of involvement in consumer protection. A

correlation analysis of the data was conducted and is reflected in Table 3.

Table 3: Correlations: qualification, income, knowledge of rights

	Knowledge of consumer rights	
	Pearson correlation	Sig. (2-tailed)
Qualification of respondent	.662**	.000
Respondent income	.660**	.000
Wrote to a consumer organisation	.367**	.009

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

The correlation analysis of the data showed that there was a strong positive relationship between the level of education and knowledge concerning the four basic consumer rights, at a 99% confidence level. In other words, knowledge of consumer rights and consumer protection can be expected to increase when consumers become more educated.

There was also a strong positive relationship between consumer income and knowledge of the four basic consumer rights at the 99% confidence level. In other words, the higher the income of the respondents, the more likely they were to know their basic consumer rights.

Although not very strong, there was a significant positive relationship between knowledge of consumer rights and having written to a consumer organization. In other words, it can be expected that people with knowledge of consumer rights might be more inclined to take action to enforce their rights.

Discussions

The responses of consumer awareness, education and income have been described and the relationship between these variables has been established, which has served to satisfy the objectives of the study.

The study has determined that a significant relationship which is both strong and positive exists between consumer protection awareness, education level and income in the South African population, and that the people who score highly on these characteristics are also likely to take action to enforce their consumer rights.

Research findings have shown that consumers who have higher education or higher income levels are likely to have a higher awareness of consumer protection. This could be because educated people may be more informed, willing to learn, and pay attention to different

types of media (including educational programs), which expose them to this consumer awareness and knowledge.

Another reason could be the fact that many organizations educate consumers about consumer protection and their rights as consumers (not only consumer organisations, but also, for example, businesses and schools). Such companies are also likely to encourage their customers to complain when they are not satisfied with service levels. The media has also shown commitment in educating consumers and exposing those companies that exploit the rights of consumers. However, this type of education is likely to bypass the disadvantaged in society – the poor and the illiterate or semi-literate – and as is evident, comprises a large proportion of the South African population. Thus, the main reason for a lack of knowledge about consumerism in South Africa is probably due to the high rate of illiteracy. However, consumerism is not supposed to be a movement only for the educated and the rich, but a movement that supports and protects all consumers. South Africans are still learning about consumer protection and how it works. Undoubtedly, many consumers, especially older consumers, still suffer from the vestiges of apartheid when many consumers were not allowed to speak their minds and stand up for their rights.

For South Africa to conform to the rest of the world, the consumers should know where they stand in the marketplace, when and to whom they should go to when they have been wronged. Since the majority of the South African population is illiterate, it is essential that a bold effort be made to educate people, at grassroots levels, as to their rights.

Future Research

The study does offer some areas that should be considered in detail, especially the lack of knowledge about basic consumer rights and the functioning and effectiveness of consumer protection bodies.

As can be seen from the research findings, education and level of income influence consumer protection awareness. A further study should be done to determine other factors that affect consumer protection awareness.

It is recommended that a larger study should be undertaken. If the sample size were increased, other intrinsic and extrinsic factors that affect consumer protection awareness could be identified.

Consumer organizations could also conduct research in order to determine reasons behind their lack of effectiveness in the market, which could also highlight ways to effectively inform consumers about this movement. Consumer education programs are important in order to educate consumers about their rights. Consumer education programs should begin at

an early stage in life; to educate young consumers about their rights, as it is important to have consumer educational programs in schools as part of the educational system.

Suggestions to Increase Consumer Protection Awareness

Profit and non-profit organizations should also make an effort to educate the public about consumer protection. Companies should conduct seminars to inform consumers about their rights, when and whom to contact if they need advice or assistance.

The media is currently involved in consumer educational programs, but more effort should be made by different media in all the nine official languages in order to educate the public in a more effective way because even uneducated consumers will be able to learn in their own language. This will result in an increase of consumer protection.

The Governments should step up in their effort to increase the awareness campaigns among consumers. In addition, Governments should create a more conducive environment by allocating more funds to help consumers who are in disputes with big business.

Acknowledgments

The author would like to acknowledge the involvement in this study of Ms T.T. Dlamini and Mr N. Ndlovu, and to thank them for their significant contributions.

References

- Aaker, D.A. 1978. *Consumerism: Search for the Consumer Interest*. New York: MacMillan.
- Craston, R. 1978. *Consumer and the Law*. New York: MacMillan.
- FDCH Press Release. 2001. *Stearns to Examine Consumer Impact of Airline Mergers* [online]. Available: <http://www.ehostvgw10.epnedt.com/ehost.asp.htm>. [Accessed: 20 March 2001].
- Grove, N. 1993. *Basic Principles of Consumer Credit Law*. Cape Town: Rustica Press.
- Higgs-Kleyn, N., Abratt, R. and Brewer, R. 2000. The views of South African marketers concerning consumer policy. *South African Journal of Business Management*, 31(4), December, 156 – 165.
- Jennemann, T. 2003. *Halfway around the world and into Hoboken classrooms: Hoboken teacher named cultural educator of the year*. The Hoboken Reporter.com [online], New Jersey, 22 June. Available: <http://www.vifprogram.com/about/newsarticle.xml?id=61>. [Accessed: 27 September 2004].

- Kaynak, E. 1985. Some thoughts on consumerism in developed and less developed countries. *International Marketing Review*, 2, Summer, 15 – 31.
- Kitching, D. 1999. *The Princeton Project on Globalization and Youth Ministry from a South African (African?) Perspective* [online]. Huguenot College, Wellington, South Africa. Available: <http://www.ptsem.edu/iym/downloads/kitching.PDF>. [Accessed: 27 September 2004].
- Lewis, D. 2004. *Role of Civil Society in Cooperating with National Competition Authorities* [online]. Paper read at INSCOC workshop, Geneva, January. Available: <http://www.comptrib.co.za/Publications/Speeches/Insoc%20conference.htm>. [Accessed: 27 September 2004].
- Marcella, R. and Baxter, G. 2000. Citizenship information needs in the UK: results of a national survey of the general public by personal doorstep interview. *Adlib proceedings*, 52(3), March, 115 – 123.
- McQuoid-Mason, D. 1988. *Street Law*. Durban: University of Natal.
- McQuoid-Mason, D. 1997. *Consumer Law in South Africa*. Cape Town: Juta.
- Miles, S. 1998. *Consumerism - as a way of life*. London: Sage.
- Moolman, L. *Biotechnology, the public and the media – towards informed decision making*. Paper read at Biotechnology and the SA Consumer conference, Session 2, 9 and 10 March, University of Pretoria, Pretoria, South Africa.
- NCF. 2004. National Consumer Forum website [online]. Available: <http://www.ncf.org.za/>. [Accessed: 6 October 2004].
- NEDLAC. 2003. *Study into the Implications of Implementing the Globally Harmonised System of Classification and Labelling of Chemicals and Development of an Implementation Strategy for South Africa* [online]. National Economic Development and Labour Council, December. Available: http://www.nedlac.org.za/research/fridge/ghs1203_part1/. [Accessed: 28 September 2004].
- Peattie, K. 1995. *Environmental Marketing Management, meeting the green_challenge*. London: Pitman.
- Popcorn, F. 1992. *The Popcorn Report: Faith Popcorn on the Future of Your Company, Your World, Your Life*. New York: Harper-Business.
- Quazi, A.M. 2002. Managerial views of consumerism: A two-country comparison. *European Journal of Marketing*, 36(1/2), 36 – 50.
- Roe, D. 1987. *Home and Consumer*. London: Longman Group.
- SABS. 2004. *Regulatory Affairs and Consumer Protection website* [online]. Available: <http://www.regulatory.co.za/>. [Accessed 6 October 2004].
- Sardha, S. 2000. A pilot study in how well business in the central business district of Durban is equipped to handle the consumer movement in the new millennium. Unpublished B. Tech: Marketing dissertation, Technikon Natal, Durban.
- Smith, P.N. 1998. *The Consumer Movement. Guardians of the Marketplace*. *Journal of Marketing*, 29, July, 21 – 35.
- South Africa. 1998. *The Constitution of South Africa. The National Plan for the Promotion & Protection of Human Rights*. Pretoria: Government Printers.
- South Africa. 2006. What are a Consumer's Rights and Responsibilities? [online]. Department of Trade and Industry. Available: <http://www.dti.gov.za/protectingconsumers/consumerrights.htm>. [Accessed 12 August 2006].



Employee commitment and leadership styles: a comparative study at a Namibian Industry

Mario Denton and Maritza Titus

Business School, University of Stellenbosch, South Africa

* Corresponding author: Email: marden@mweb.co.za, Tel.: +27 (0) 21 918 4194

Abstract

Purpose – The purpose of this article was to investigate whether a positive correlation exists between transformational leadership and employee commitment in a Namibian bank. Transformational leadership, as the independent variable, was characterised in terms of direction setting, motivation, communication, integrity and trust. Employee commitment, as the dependent variable, was characterised in terms of motivational commitment.

Design/methodology/approach – An instrument was developed to measure the relationships between employee commitment and the five identified leadership characteristics. The final instrument consisted of 56 items and used a six-point Likert scale for rating. The questionnaire employed a self-scoring, paper and pencil method. A sample of 460 participants from 10 business units within the organisation was selected and a response rate of 40% was recorded. The data, Cronbach's alpha and Spearman's rank correlation was analysed. Coefficients of determination as well as various tests for normality were among the instruments used.

Findings – The demographic information that was recorded revealed that the sample was well distributed across the organisation. The scales measuring direction setting, motivation, communication, integrity and employee commitment proved to be reliable psychometric instruments with Cronbach's alphas, measuring more than 0.70. However, the scale measuring trust proved to be less reliable, with Cronbach's alpha measuring 0.68. In addition, the data revealed that 51% of the respondents indicated that they would leave the organisation within the next five years, while 98% agreed that committed employees would be more productive. The observed data were not normally distributed. A positive correlation was found between each of the five leadership characteristics and the commitment of the employees. While a positive correlation was established, it was determined that the coefficient of determination for each relationship was small, thus suggesting that the regression equation was not useful for making predictions. The *p*-values in all cases were less than 1% and thus it was concluded that all the tests were highly significant.

© 2007 World Research Organization. All rights reserved

Keywords: Enterprise Resource Planning, Business Process Automation, Brewing Industry

Citation: Denton, M. (2007). Employee commitment and leadership style: a comparative study at a Namibian industry. *World Journal of Business Management*. 1(2) 36-46

1. Introduction

This article focused on a study of employee commitment and leadership in a leading Namibian Bank. The objective of this research study was to identify those characteristics that elicit high employee commitment. Finally, solutions that could be considered to ensure that

the identified leadership characteristics are developed were recommended.

2. Theoretical Framework

2.1 Leadership and Turbulence

Organisations are exposed to more and more changes in their environments (Robbins, 2003). Robbins maintained that the changing environments in which organisations operate require them to become dynamic and responsive to these changes in order to remain competitive. Instability as a result of increasing competitive efforts by organisations, marks today's global economies (D'Aveni & Gunther, 1994). McLagan (2002) argued that change is progressively becoming more important as an area of attention due to globalisation and information communication technologies (ICT) that are becoming more common. This view is supported by Parker (2005) who confirmed that "world-class organisations are continuously transforming – and rapidly so".

Roodt (2005) suggested that since the appearance of transnational corporations and the increase of globalisation, the need for organisations to be effective in turbulent times has increased. This need to be effective in turbulent times raises several concerns, including how organisations can gear themselves towards becoming effective and gaining a competitive edge. Employees of an organisation determine how adaptive the organisation will be in times of change and turbulence (Werther Jr., 2003). An area of substantial concern is how employees react to and resist change. (Robbins, 2003). Roodt (2005) suggested that effective leadership is required in times of turbulence and discontinuities and that a dynamic type of leadership is needed in order for businesses to remain contextually appropriate. He further argued that leaders must direct organisations towards a continuous adaptation to their changing environment and therefore leadership characteristics must change in order for leaders to fulfil this requirement. Van Niekerk and Waghid (2004) shared this point of view and agreed that the world is changing at a rapid pace and that those traditional leadership styles that have worked in the past will be insufficient to assist the organisation in today's environment

2.2 Transactional and Transformational Leadership Styles

Robbins (2003) defined transactional leaders as those who steer and encourage their followers towards achieving established goals. In doing so, these leaders make it clear as to which type of roles the employees are to assume, as well as what the requirements are in order for them to achieve those goals. Roodt (2004) argued that while transactional leaders motivate employees to perform beyond expectation, they remain more traditional and overbearing resulting in the followers being those who receive the rewards for performance. Roodt (2004) defined transformational leaders as those leaders who motivate their workforce to go beyond their normal potential, because these

followers have respect for and trust these leaders. Robbins (2003) defined transformational leaders as those who "inspire followers to transcend their own self-interests and who are capable of having a profound and extraordinary effect on followers". Engelbrecht and Chamberlain (2005) stated that transformational leadership instilled trust and motivation, which encourages employees to perform beyond expectations and to forsake their own interests in favour of the organisation's interests. Robbins (2003) differentiated between the characteristics of transactional and transformational leadership. He maintained that transactional leaders show the following characteristics: contingent reward, management by exception (active), management by exception (passive) and *laissez-faire*. He also described the characteristics of transformational leadership as charisma, inspiration, intellectual stimulation and individualised consideration.

Mester, Visser, Roodt and Kellerman (2003) argued that transactional and transformational leadership models differ in their approaches to, and processes by which employees are motivated. They further stated that while transformational leadership has emerged as the more popular style, both types of leaders intercede to avert and resolve problems. Van Niekerk and Waghid (2004) concluded that transactional leadership requires a position of power that will induce followers to complete tasks, while transformational leadership by contrast motivates followers towards the achievement of goals. On the other hand, Parker (2005) argued that transformational leadership builds on the principles of transactional leadership and eventually they become the same. Mester *et al.* (2003) supported this view by stating "a leader can be both transactional and transformational" and that transformational leadership principles emerge from transactional leadership principles. Thus transformational leadership is an expansion of transactional leadership. Mester *et al.* (2003) concluded that elements of both types of leadership are essential.

2.3 Characteristics and Behaviours of Transformational Leadership

Van Niekerk *et al.* (2004) identified eight key attributes for becoming an effective leader in the twenty-first century. They are: to think in terms of systems, to have good planning and problem-solving skills, life-long learning and self-improvement, building trust, understanding how systems interact, direction giving in terms of vision and mission, integration of methodology and employment of technologies in the organisation. Zaccaro and Klimoski (2001) identified five attributes of visionary leaders. They are cognitive abilities, self-confidence, socialised power-motive (willingness to motivate followers to work towards achieving collectively beneficial goals), openness and adaptability, and social intelligence (these competencies include flexibility, negotiation skills, conflict management skills and influence).

House (1995) in Spangenberg and Theron (2002) identified generic behaviours that mark outstanding leadership. They include vision, passion and self-sacrifice, confidence, determination and perseverance, selective motive arousal (using motivation to guarantee the achievement of the vision), risk taking, expectations of and confidence in others, developmental orientation towards followers, demonstration of integrity, frame alignment (aligning followers' values and focus to mirror those of the organisation) and symbolic behaviour. Landale (2004) argued that there are three critical leadership requirements, namely ability, personality and intelligence. De Vries (2005) also identified organisational qualities for effective leaders. They include charisma, team-building skills and openness to change.

2.4 Commitment Defined

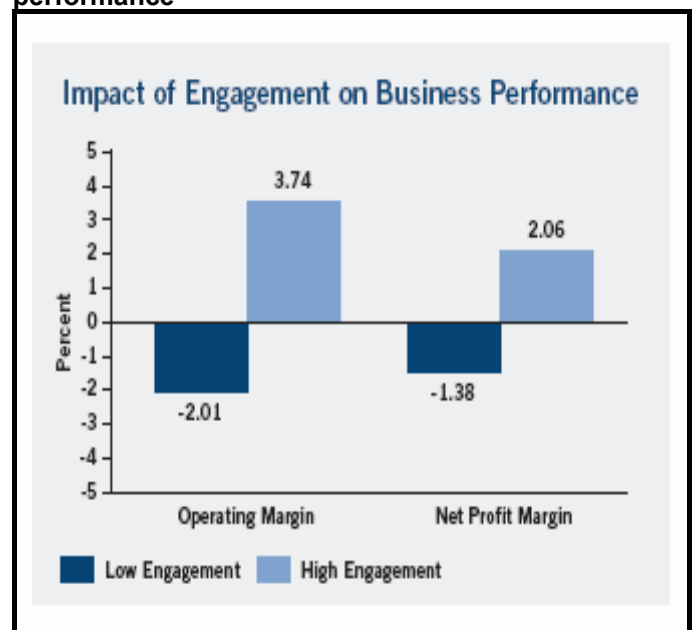
Robbins (2003) defined commitment as the extent to which an employee associates with an organisation in terms of its vision and goals, and also the employee's desire to remain a part of the organisation. Janssen (2004) in turn, defined commitment as the extent to which employees relate to and are occupied in the organisation. These individuals have strong associations with the organisation's values and goals and will endeavour to perform beyond expectations to achieve those goals. Roodt (2004) argued that there have been many contradictions in theories describing commitment. He merged all these different perspectives into one succinct definition: "Commitment is defined as a cognitive predisposition towards a particular focus, insofar this focus has the potential to satisfy needs, realise values and achieve goals" (Roodt, 2004). Mester *et al.* (2003) distinguished between three approaches to commitment, which include attitudinal, behavioural and motivational perspectives. Roodt (2004) maintained that behavioural commitment involved the demonstration of commitment through certain types of behaviours. However, this approach may become challenging since behaviours can be influenced by many factors.

Roodt (2004) further defined attitudinal commitment as those attitudes employees reveal when they are committed. He separated attitudinal commitment into three aspects, namely normative commitment, affective commitment and continuance commitment. He also proposed the motivational approach to commitment as examining those aspects that motivate subordinates to be committed. He further stated that the motivational approach is more comprehensive since it integrates the behavioural and attitudinal approaches. The motivational approach also attempts to overcome the limitations of the previous two approaches. Gill (2003) claimed that commitment gives meaning to the employees of an organisation. Roodt (2004) argued that committed employees have a positive effect on the bottom line of the organisation, and that employee commitment is an essential variable to forecast organisational performance.

2.5 Measures Of Commitment

Roodt (2004) maintained that while there are numerous ways to measure employee commitment, none of these measures focus on commitment as a cognitive element. Human resource practitioners have long called for a quantifiable approach to measuring performance and productivity. Employees are often the largest expense on an organisation's financial statements – accounting for up to 40 per cent of expenditure, and yet few organisations measure employee outputs. It is a well-known fact that one cannot manage what cannot be measured. Research has revealed that management is increasingly turning to quantifiable measures to benchmark human capital. In a study conducted by PricewaterhouseCoopers (Franks, 2005), several financial measures are highlighted which are said to determine human capital metrics such as productivity, diversity and talent management and learning. Research done by the International Survey Research has proved that employee engagement has a positive impact on business performance as depicted in Figure 1.

Figure 1: Employee engagement on business performance



Source: www.isrsurvey.com

When referring back to the definition of commitment, Robbins (2003) pointed out that committed employees wish to remain part of the organisation. Janssen (2004) supported this argument. Turnover and retention, as a metric, have been used in research as a measure of employee satisfaction and commitment as is proven by research conducted by PricewaterhouseCoopers – Saratoga (Franks, 2005), Janssen (2004) and Mester *et al.* (2003). Meyer and Allen (Brown, 2003) described an organisational commitment questionnaire (OCQ) that focused on turnover and retention. This questionnaire is possibly the most widely used questionnaire to assess commitment. Roodt (2004) and Mester *et al.* (2003) argued that commitment impacts the overall

performance of the employee. With these arguments in mind it is clear that staff turnover and productivity are important indicators of employee commitment. Robbins (2003) defined productivity as a measure that includes the attainment of goals (effectiveness) and the proportion of effective output in relation to the necessary effort needed to achieve it (efficiency). Robbins (2003) further postulated that satisfied employees will be more productive, less absent from work and show a lower turnover rate. Furthermore, research conducted by PricewaterhouseCoopers suggests that productivity and employee retention or alternatively employee turnover and absenteeism rate are measures that could be used to indicate the level of employee commitment (Franks, 2005).

2.6 Alignment of Leadership and Commitment

Parker (2006) argued that other than giving direction to an organisation, leaders must work towards aligning all elements of the organisation to achieve its vision and mission. Nel and Beudeker (2006) maintained that people form the basis of strategy implementation as they are the instruments required for successfully executing and that employees across all levels should be involved in strategy execution within the organisation. Gill (2003) defined alignment as an action that "galvanises people around the aspirations and objectives of the company". He stated that when people know what is expected of them they are able to align their goals and visions with those of the organisation. Zaccarro (2003) claimed that a common vision is required for leader-follower alignment and that this alignment produces better performance results. Werther Jr. (2003) supported this argument by stating that leaders must align employees with the organisation's vision and mission by providing clear direction. A crucial element in this alignment process is communication (Werther Jr., 2003).

McDermott (2001) stated that when employees' vision and goals are aligned with those of the organisation, they become committed. He argued that it is the work of transformational leaders to align employees' vision and goals with those of the organisation. Mester *et al.* (2003) also claimed that employee behaviour is affected by leadership style and that good leadership results in committed employees. Engelbrecht and Chamberlain (2005) argued that when employees are content with their leader, they will show commitment. Spangenberg and Theron (2002) confirmed that transformational leadership has the ability to extract from employees high levels of effort that are beyond the self-interest of the employee with the view of attaining the organisation's vision. Engelbrecht and Chamberlain (2005) supported this view. Numerous studies conducted in this area have proved that there is a positive correlation between transformational leadership and employee commitment (Mester *et al.*, 2003). In another study conducted by Engelbrecht and Chamberlain (2005), similar results were obtained with specific reference to the South African Banking environment. In research done by

Blanchard (2005) it was found that only 24 per cent of employees in the United States are committed to their organisation and planning to stay for at least two years. This raises alarming questions about leadership and related issues.

2.7 Transformational Leadership and Employee Commitment

This section is devoted to connecting employee commitment with the transformational leadership characteristics discussed earlier. The first characteristic, direction setting, relates to commitment because when leaders make known the direction in which they wish the organisation to move into, they make what is expected of employees, clear. When employees know the needs and requirements, they can work towards achieving those goals (McDermott, 2001). It has been reiterated throughout this section that employees become committed when their goals and values are aligned with those of the organisation. The work of the transformational leader is then to ensure that the employees' perception of the organisation's goals is an extension of their own personal goals.

The argument following; is that when employees' goals are aligned with the direction of the organisation, they are motivated to achieve common goals. Ströh (2001) defined motivation as a practice by which managers direct and inspire their employees towards accomplishing the desired personal and organisational goals. It is when employees are inspired that they give their best to attain business objectives. It follows that when employees are motivated; they are also committed to achieving business goals. The resulting argument is that communication is needed for conveying the direction to employees and also to motivate them.

Sondhi (2006) supported this argument by claiming that communication skills are "needed to inspire people to give 110%". Werther Jr. (2003) also claimed that communication is an essential leadership tool that is required to obtain employees' commitment. Gill (2003) stated: "Lack of communication or inconsistent messages and the resulting misunderstanding of aims and processes of change lead to rumours that demoralise people and to lack of commitment to change". By communicating expectations, leaders elicit commitment from employees and thus produce results (Puth, 2002). Whitworth and Riccomini (2005) advocated that there is a correlation between leaders' communication and commitment. They further postulated that two-way communication is the most effective when dealing with employees as this gives them the opportunity to provide feedback to their managers.

It was highlighted that a transformational leader should also have high integrity. Engelbrecht, Van Aswegen and Theron (2005) hypothesised that integrity is a core value of transformational leadership. They described a leader

with integrity as having uncorrupted virtue, sincerity and honesty. It also implies consistency and uniformity with decisions, values and beliefs. They concluded that “the positive effect of altruism and integrity on transformational leadership revealed that leaders would only be perceived as transformational if they were driven by altruistic motives and actions, and if they displayed consistency in words and actions” (Engelbrecht et al., 2005). Lastly, as a result of high levels of integrity, a transformational leader should also be trustworthy. Robbins (2003) defined trust as an optimistic belief that the leader will not act in his own interest only. He claimed that a leader will only benefit from employees’ creative thinking when he or she is trusted. In a study conducted by Büssing (2002), a positive correlation was found between trust and employee commitment. Engelbrecht and Cloete (2000) described trustworthiness as a necessary characteristic of a transformational leader and further stated that a lack of trust results in low commitment from employees. Thus it can be concluded that high levels of integrity resulting in ethical behaviours on the part of transformational leaders will result in trust and commitment.

3. Research Design and Methodology

3.1 Description and Selection of Instruments

Several instruments were considered for measuring the relationship between transformational leadership and employee commitment. These instruments are briefly discussed and reasons are given as to why these instruments were rejected either in their entirety or in part for use in this study.

3.2 Multifactor Leadership Questionnaire (MLQ form 5X)

This questionnaire was developed by Bass and Avolio (1995), as outlined in Boe (2002), and consisted of three variables, namely transformational leadership, transactional leadership and *laissez-faire* leadership (Boe, 2002). These variables were measured with nine subscales, i.e. idealised influence (attributed), idealised influence (behaviour), inspirational motivation, intellectual stimulation, individual consideration, contingent reward, management-by-exception (active), management-by-exception (passive) and *laissez-faire* (Rowold, 2005).

3.3 Organisational Commitment Questionnaire (OCQ¹)

The first instrument was developed by Mowday, Steers, Porter and Boulian (1974) as outlined in Boe (2002), and consisted of 15 items to measure organisational commitment (Boe, 2002). This instrument was considered because it already exists and has been tested for internal consistency.

3.4 Organisational Commitment Questionnaire (OCQ²)

The second questionnaire was developed by Meyer and Allen (1997) and included only one variable, namely organisational commitment (Boe, 2002). The instrument has three scales, which measure affective commitment, continuance commitment and normative commitment. The questionnaire has also been extensively tested and used.

4. Development of Questionnaire

After the careful consideration of all the advantages and disadvantages, a unique questionnaire was developed to measure the required variables with the appropriate scales. Some of the statements included in the employee commitment questionnaire were adapted from Mowday, Steers, Porter and Boulian’s (1974) organisational commitment questionnaire. Other statements were adapted from the organisational commitment questionnaire developed by Meyer and Allen (1997).

The resulting questionnaire was designed to be a self-administered instrument, consisting of three parts, being used with the pencil and paper method. The first part was designed for collecting information regarding the demographic characteristics of the respondents. This part contained eight items and extracts of information such as gender, age, race, highest level of education, supervisory capacity, job grading, years of service to the organisation and years of service with the current manager. The respondents were requested only to indicate the items that were applicable to them. The second part collected information regarding transformational leadership. This part consisted of five subscales, namely direction setting, motivation, communication, integrity and trust.

Each of the subscales had eight items where the respondents were requested to rate their agreement. The questions for the subscale direction setting ranged from 1 – 8. The subscale for motivation ranged from questions 9 – 16, and the subscale for communication ranged from questions 17 – 24. The integrity subscale ranged from questions 25 – 32, with the last subscale for the leadership part, trust, ranging from questions 33 – 40. The items numbered 8, 16, 24, 32 and 40 were negative statements, and were denoted by an asterisk (Saunders, Lewis & Thornhill, 2003). These items were included to ensure that the respondents read the questions carefully. A six-point Likert scale was employed in the rating of the statements (Saunders *et al.*, 2003). The scale ranged from 1, strongly disagree, to 6, strongly agree.

The third part of the questionnaire concerned motivational commitment. This section only measured motivational commitment and its relation to the aforementioned five transformational leadership

characteristics. The section consisted of twelve items, ranging from questions 41 – 52. The statements were rated on a six-point Likert scale ranging from 1, strongly disagree, to 6, strongly agree (Saunders *et al.*, 2003). Item 47 was a negative statement denoted by an asterisk, and was included to ensure that respondents read the questions carefully (Saunders *et al.*, 2003). Items 48 - 52 related commitment to the five transformational leadership characteristics that were proposed earlier. Table 1 depicts how the different statements are related to the five transformational leadership characteristics.

Table 1: Characteristics related to employee commitment

48	Direction setting	I am committed to my job because I know what goals I need to achieve
49	Motivation	This organisation really inspires the very best in me in terms of job performance
50	Communication	My manager communicates with me on a regular basis therefore I know what is expected of me
51	Integrity	I am committed to my job because I know my manager acts with the highest integrity
52	Trust	I will be more committed to my job if I know that I can trust my manager with any problem I might have

The questionnaire also included four open-ended questions, 53 – 56, at the end. The questions included the statements described below. Item 53 read “Do you feel that committed employees will be more productive? Why?” The next item was “Why do you think a specific leadership style is important in gaining commitment from employees?” Item 55 was “What characteristics of leadership do you think are important to drive employees to become more committed?” and the last item on the questionnaire read “Do you have any suggestions about what policies and processes could be implemented to equip leaders to inspire employees to become more committed to their jobs?”

5. Selection of Sample

A sample with n>30 was first selected so that an assumption of normality could be made and the data could be generalised to reflect the entire population. The total staff complement was 1 066 employees. A simple random sampling technique was used to identify 10 business units from the organisation, five of which were to be branches and the other five head office departments. The selection made was of such a nature that the total number of participants would be greater than 40 per cent of the total number of employees in the organisation. Table 2 gives an outline of the selected business units and their respective staff complements. Table 2 shows that the percentage of participants relative to the total staff complement was approximately 43.2 per cent.

Table 2: Selected business units and staff complements

Business Unit	Staff Complements (30/5/06)
Home Loans	38
Retail Collections	42
Vehicle & Asset Finance	46
Operations (Head Office)	40
Corporate Banking	28
Windhoek Branch	89
Ausspannplatz Branch	45
Gustav Voigts Centre Branch	33
Katutura Branch	24
Operations Processing Centre	75
TOTAL	460

6. Presentation and Discussion of Results

6.1 Demographic Information from the Sample

The questionnaire was administered to 460 participants, 185 of whom responded, thus a response rate of 40.22 per cent. Table 3 gives an indication of the valid number of observations as well as the percentages for each of the categories that were measured.

Table 3: Demographic data

Category	Pct	Category	Pct
Gender (Valid N = 183)		Supervisory (Valid N = 184)	
Male	39	Yes	29
Female	61	No	71
Age (Valid N = 178)		Level of education (Valid N = 180)	
18 - 20	5	Less than Gr. 10	1
21 - 25	35	Gr. 12	66
26 - 30	23	Post-matric studies	8
31 - 35	13	College diploma	13
36 - 40	12	Undergraduate	8
41 - 45	7	Bachelor's degree	3
46 - 50	4	Post-graduate	2
Race (Valid N = 180)		Job grading (Valid N = 181)	
Coloured	57	Non-clerical	2
Black	36	Clerical	67
White	7	Supervisory	23
		Junior management	7
		Senior management	1
		Executive	1

It is clear from the table that the majority of respondents (61%) were female, while the majority (35%) ranged from ages 21 – 25, with 57 per cent being Coloured and 71 per cent of the respondents not being in supervisory positions. It is also evident that the majority of respondents had a clerical job grading (67%), while for 66 per cent of the respondents the highest level of education was grade twelve. From Table 4, which depicts years of service in the company and years of service for the current manager, it is apparent that the ranges are well distributed. The range of service

experience for the company was between one month and 27 years, while the service experience under the current manager ranged from two days to 16 years. The majority of respondents, 58 per cent, had up to five years of service with the company, while 83 per cent of the respondents had up to two years experience under their current manager.

Table 4: Service and manager experience

Category	Pct	Vld N	Mean	Std Dev	Range (Years)
Years of service		184	6.857	6.586	0.08–27
0 – 5	58				
6 – 10	20				
11 – 15	10				
16 – 20	6				
21 – 25	4				
26 – 30	2				
Current manager Experience (yrs)		183	1.504	1.711	0.005–16
0 – 2	83				
3 – 4	13				
5 – 6	3				
7 – 8	1				
9 – 10	0				
11 – 12	0				
13 – 14	0				
15 – 16	1				

Table 5: Descriptive statistics

Scale	Mean	Std Dev	% of largest observation	Standardised α	Cronbach's α
Direction setting	34.1530	7.13131	32.92	0.860602	0.854925
Motivation	31.8167	7.24008	29.29	0.818487	0.815520
Communication	32.6077	7.10209	32.27	0.853400	0.851536
Integrity	33.2265	6.80919	33.11	0.857724	0.835005
Trust	31.7802	8.12853	30.05	0.875813	0.680950
Commitment	25.8626	6.45835	26.97	0.748254	0.745101

Cronbach's alpha, as indicated in Table 5, ranged from 0.854 for direction setting to 0.680 for trust. The scales for direction setting, motivation, communication, integrity and commitment had values above the required 0.70, thus indicating that these scales were useful as a psychometric instrument. However, Cronbach's alpha for the trust scale was just below the required 0.70, indicating that the scale for trust was not a useful psychometric instrument. In the qualitative data analysis, item 41 relates to whether respondents will leave the organisation within the next five years. For this item more than 50 per cent achieved a score of four (mildly agree), five (agree) or six (strongly agree). In the item relating to productivity (item 53), 97.5 per cent agreed that committed employees would be more productive. With regard to Item 54, which relates to why leadership is important for gaining commitment, the feedback was very diverse. The two paramount reasons why leadership is important for participants included that the leader should motivate and inspire employees and that they should provide direction in order for them to gain commitment from employees. Other responses included leading by example, trust, reward and recognition, integrity, communication and participative management

and involvement. The most desired characteristics that the participants sought in leaders (item 55) included fairness, integrity, honesty, motivation, communication, respect and recognition. Other characteristics included reliability, delegation, trust, support, commitment, participative leadership, and teamwork. Finally, participants suggested the following to equip leaders with the desired styles (item 56): education, training and development of managers and supervisors, revision of the current grading systems and hierarchies, motivational and team-building events, the creation of more opportunities for non-leaders and the introduction of positive role models.

6.2 Descriptive Statistics

From these observations it can reasonably be concluded that the deductions made from the data would be a true reflection of the company situation.

Descriptive statistics were used as a means to examine the mean, standard deviations and other information relating to the data. Table 5 contains the descriptive data for the five leadership scales as well as the employee commitment scale. The means for these scales ranged from approximately 25.86 for employee commitment to 34.15 for direction setting. The standard deviations ranged from 8.13 for trust to 6.46 for employee commitment. The modal value for all the scales was five, and the percentage for this rating was approximately between 27 per cent for employee commitment and 33 per cent for integrity. As the rating for five, the modal value agreed. It appears that the respondents were confident in their leaders' abilities to lead by giving direction, motivation and clear communication. The majority of respondents also gave positive ratings for their leaders' integrity and ability to inspire trust.

and involvement. The most desired characteristics that the participants sought in leaders (item 55) included fairness, integrity, honesty, motivation, communication, respect and recognition. Other characteristics included reliability, delegation, trust, support, commitment, participative leadership, and teamwork. Finally, participants suggested the following to equip leaders with the desired styles (item 56): education, training and development of managers and supervisors, revision of the current grading systems and hierarchies, motivational and team-building events, the creation of more opportunities for non-leaders and the introduction of positive role models.

6.3 Tests for Normality

To determine normality, data was subjected to stringent tests, including; Kolmogorov-Smirnov d test, Lilliefors test and the Shapiro-Wilk test. These non-parametric tests were employed, owing to data being of an ordinal nature. The hypothesis that was tested in all cases is stated below. A significance level of $\alpha = 0.05$ was applied. The results for the different tests are given in Table 6.

Table 6: Tests for normality

Scale	Kolmogorov-Smirnov d	p-value	Lilliefors p-value	Shapiro-Wilk	p-value
Direction setting	0.1079	< 0.05	< 0.01	W = 0.9452	0.00000
Motivation	0.9334	< 0.10	< 0.01	W = 0.9568	0.00002
Communication	0.9711	< 0.10	< 0.01	W = 0.9533	0.00001
Integrity	0.0702	> 0.20	< 0.05	W = 0.9738	0.00153
Trust	0.0845	< 0.15	< 0.01	W = 0.9197	0.00000
Employee Commitment	0.7471	> 0.20	< 0.05	W = 0.9723	0.00103

The p-values in the Kolmogorov-Smirnov d-test indicated that the data for some scales were not normally distributed. However, the p-values for the Lilliefors test proved to be < 0.05 for all scales, suggesting that the data were not normally distributed. Lastly, the Shapiro-Wilk test also indicated p-values < 0.05 for all scales, thus implying that the data did not follow a normal distribution.

From these rigorous tests it was concluded that the data was not normally distributed.

6.4 Correlation Analysis

The results revealed positive correlations between all the scales; furthermore, all the results were statistically significant with p < 0.01. Table 7 gives an overview of these results.

Table 7: Scale correlations

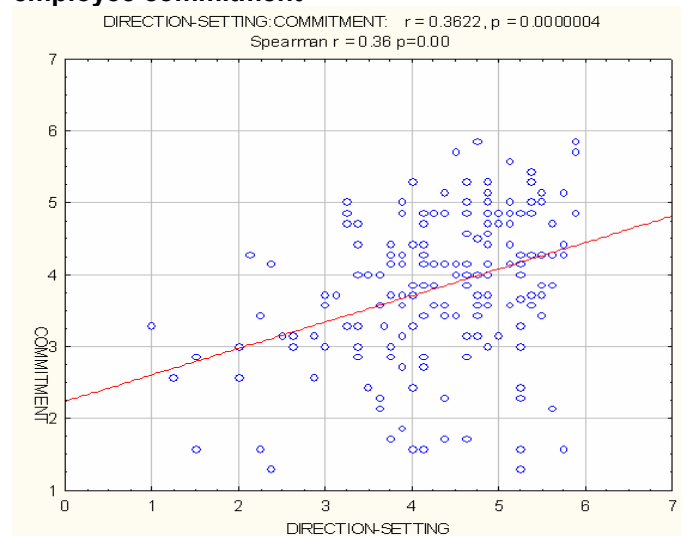
SCALE CORRELATIONS	R	r ²	p-value	ρ	ρ ²	p-value
Direction setting/ Commitment	0.3622	0.13119	0.00000040	0.36	0.1296	0.00
Motivation/ Commitment	0.3618	0.13090	0.00000050	0.39	0.1521	0.00
Communication/ Commitment	0.4054	0.16430	0.00000001	0.42	0.1764	0.00
Integrity/ Commitment	0.4540	0.20610	0.00000000	0.46	0.2116	0.00
Trust/ Commitment	0.4054	0.16434	0.00000001	0.47	0.2209	0.00

As the data were qualitative and ranked, Spearman rank correlation coefficients, denoted by ρ, were also used in the analysis of the data. The correlations were all positive and ranged from 0.3618 for motivation/commitment to 0.4540 for integrity/commitment, while the Spearman rank correlations ranged from 0.36 for direction setting/commitment to 0.47 for trust/commitment.

6.4.1 Direction setting and employee commitment

From the data it appears that there is a positive correlation between direction setting and employee commitment. The correlation coefficient for this relationship is 0.3622, while the Spearman rank correlation coefficient is 0.36. While this relationship is a positive correlation, it is not very strong. Figure 2 gives a visual representation of this relationship. The coefficient of determination, r², in this case was 0.131 (ρ² = 0.1296). Thus it appears that the proportion of variation in the dependent variable (employee commitment) that is explained by the variation in the independent variable (direction setting) is not very large. The p-values in this case were less than one per cent (< 0.01), indicating that this test was highly significant. Thus it appears that the null hypothesis can be rejected in favour of the alternative hypothesis.

Figure 2: Correlation – Direction setting and employee commitment

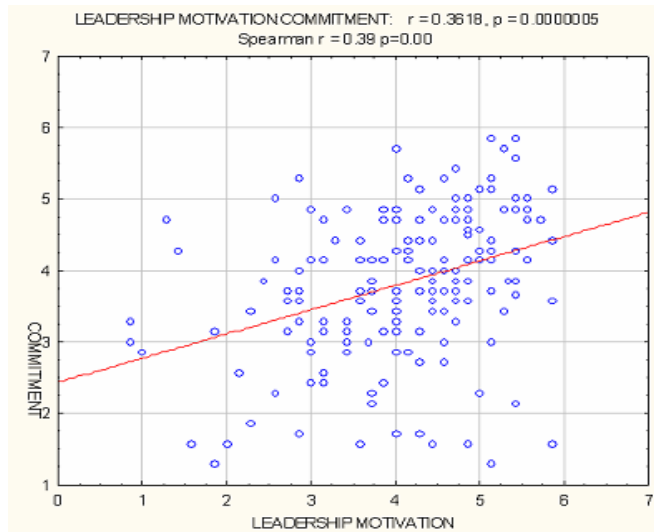


6.4.2 Motivation and employee commitment

It appears that there is also a positive correlation between motivation and employee commitment as depicted in Figure 3. The correlation coefficient in this

case was 0.3612, while the Spearman rank correlation coefficient was 0.39. It should be noted that while this relationship is a positive one, it is not very strong.

Figure 3: Correlation – Motivation and employee commitment

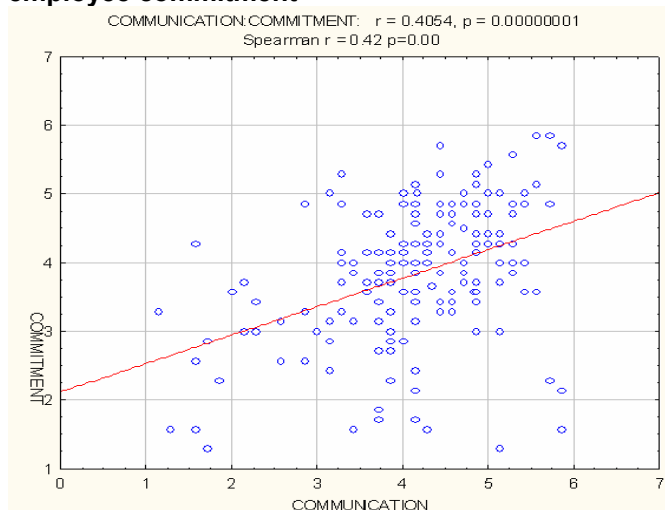


The coefficient of determination in this case was 0.130 ($\rho^2 = 0.152$), indicating that the explained variation is not large. The p -values for this relationship were less than one per cent (< 0.01). It thus appears that H_0 should be rejected in favour of H_1 .

6.4.3 Communication and employee commitment

The data relating to communication and commitment as well as Figure 4 present a positive relationship between the above-mentioned variables. The correlation coefficient for this relationship was $r = 0.405$ and the Spearman rank correlation coefficient was $\rho = 0.42$. The p -values for this relationship, were less than one per cent (< 0.01); thus it is evident that this test is highly significant and that there is an overwhelming amount of evidence that supports the alternative hypothesis.

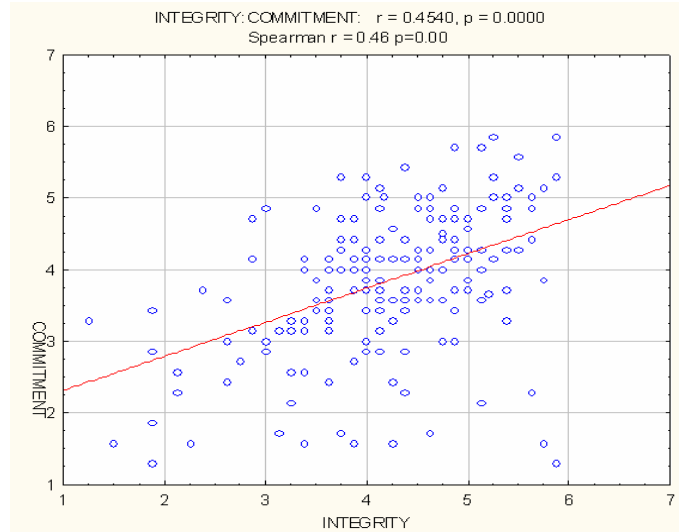
Figure 4: Correlation – Communication and employee commitment



6.4.4 Integrity and employee commitment

The results for the relationship between integrity and employee commitment also revealed a positive correlation. The correlation coefficient in this case was $r = 0.45$, while the Spearman rank correlation coefficient was $\rho = 0.46$. See Figure 5.

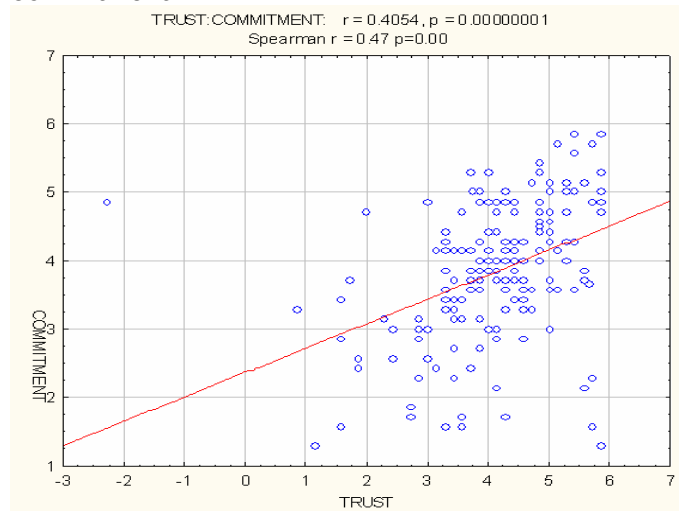
Figure 5: Correlation – Integrity and employee commitment



6.4.5 Trust and employee commitment

Figure 6 suggests that there is a positive relationship between trust and employee commitment. The coefficient of determination for this relationship was $r^2 = 0.164$ ($\rho^2 = 0.221$), implying that the proportion of variation in employee commitment (dependent variable) that is explained by trust (independent variable) is small.

Figure 6: Correlation – Trust and employee commitment



The p -values for this scale were less than one per cent (< 0.01), suggesting that the test was highly significant and that H_0 should be rejected in favour of H_1 .

7. Findings

The study and analysis above reveal the following findings derived from the data. The demographic data indicated that the sample was well distributed and that it covered a large spectrum of employees from the organisation. These results and the modal values observed, also concluded that the respondents were generally positive about leadership ability in the company. Furthermore, it was determined that 98 per cent of employees agreed that committed employees would be more productive. It should be noted that the current findings may be influenced by certain cultural aspects as the majority of respondents in the categories for race, gender and age were Coloured, female and fairly young (between the ages of 21 and 25 years) respectively. These variables may influence the current perception about leadership and level of commitment in the organisation. Other aspects such as job grading and education level (clerical and emerging trend to obtain tertiary education) may also influence current perspectives about leadership and commitment, and in the future it may even shift the general type of leadership required in the organisation.

The research ascertained that the instrument used was reliable for the scales direction setting, motivation, communication, integrity and employee commitment as the Cronbach's α for these scales measured more than the required 0.70. However, the scale for trust proved to be less reliable since it only yielded a Cronbach's α of 0.68. The tests for normality revealed that the sample was not normally distributed. The data analysed clearly indicated that there were positive correlations for each of the relationships between the five transformational leadership characteristics and employee commitment. In addition, the coefficients of determination for all the relationships reported above were very small, thus establishing that the explained variations were small and that the regression equation would not be useful for making predictions. The p -values for all the relationships examined were less than one per cent, revealing that all the tests were highly significant. When considering the data presented above and the resulting conclusions drawn from the data, it is evident that there is an overwhelming amount of evidence to infer that the alternative hypothesis is true. Thus the ultimate result was to reject the null hypothesis in favour of the alternative hypothesis.

8. Conclusions and Recommendations

The recommendations below are made to assist the organisation in improving its current leaders and coaching its future leaders. Recommendations are also made on how the organisation could improve its employees' commitment by using elements other than leadership:

- The initiation of a coaching and mentoring programme with the specific aim of assisting

leaders and potential leaders to develop and improve their leadership skills;

- More frequent leadership training and workshops to assist leaders in developing and improving their leadership abilities as they relate to transformational leadership;
- Improvement of succession planning and development programmes for candidates for leadership positions at an early stage. This will be instrumental in the organisation's human capital and succession planning, by identifying talent and then developing that talent to become excellent leaders;
- Introducing training programmes for effective communication training starting at supervisory level. This will assist leaders starting at supervisory level to clearly communicate to their subordinates the direction and goals of the organisation. It will also assist in motivating employees;
- Improving the reward and recognition systems which would include incentive schemes. Once employees feel that they are appropriately recognised and rewarded, not necessarily in monetary terms, they will feel more appreciated and thus be more committed and productive;
- More frequent motivational workshops for leaders and subordinates. Occasionally these workshops should be presented to remind both leaders and subordinates of their purpose in the organisation and to help them re-establish their commitment to their jobs and the organisation; and
- Focus on the recruitment, selection and promotion of employees who exhibit the five transformational leadership characteristics. It is important to promote and recruit employees that already display these characteristics as it will assist in the human capital, career-path and succession planning. These elements are important as they ensure that the organisation builds these competencies in leaders, thus ensuring future success.

References

- Brown, B. B. 2003. *Employees' Organizational Commitment and Their Perception of Supervisors' Relations-oriented and Task-oriented Leadership Behaviors* [Online] Available: <http://scholar.lib.vt.edu/theses/available/etd-04072003-224349/unrestricted/BarbaraBrown-4-22-03.pdf#search=%22%22Employees%E2%80%99%20Organizational%20Commitment%20and%20Their%20Perception%20of%20Supervisors%E2%80%99%20Relations-Oriented%20and%20Task-Oriented%20Leadership%20Behaviors%22%20%22Brown%22%22>. [Accessed: 9 May 2006].
- Boe, T. A. 2002. *Gaining and/or maintaining employee trust within service organisations*. [Online] Available: <http://www.uwstout.edu/lib/thesis/2002/2002boet.pdf>. [Accessed: 12 February 2006].

- Büssing, A. 2002. Trust and its relations to commitment and involvement in work and organisations, *South African Journal of Industrial Psychology*, **28**(4), 36-42.
- D'Aveni, R. A. & Gunther, R. 1994. *Hypercompetition: Managing the dynamics of strategic manoeuvring*. The Free Press, New York.
- De Vries, M. K. 2005. A global perspective on leadership, *Management Today*, **21**(1), February, 16-21.
- Engelbrecht, A. S. & Chamberlain, L. 2005. The influence of transformational leadership on organisational citizenship behaviour, *Management Dynamics: Journal of the Southern African Institute for Management Scientists*, **14**(1), 2-13.
- Engelbrecht, A. S. & Cloete, B. E. 2000. An analysis of supervisor-subordinate trust relationship, *South African Journal of Industrial Psychology*, **26**(1), 24-28.
- Engelbrecht, A. S., Van Aswegen, A. S. & Theron, C. C. 2005. The effect of ethical values on transformational leadership and ethical climate in organisations. *South African Journal of Business Management*, **36**(2), June, 19-26.
- Fiorina, C., Covey, S. Buckingham, M. & Bennis, W. 2006. Leadership Challenges: it all happens horizontally, *Management Today*, **22**(1), February, 6-9.
- Franks, O. 2005. Key trends in human capital: A global perspective. [Online] Available: <http://www.pwcglobal.com/extweb/pwcpublications.nsf/docid/1252496a8ffdb972852570170066c43d>. [Accessed: 9 May 2006]
- Gill, R. 2003. Change management - or change leadership? *Journal of change management*, **3**(4), May, 307.
- Janssen, O. 2004. The barrier effect of conflict with superiors in the relationship between employee empowerment and organisational commitment, *Work & Stress*, **18**(1), January-March, 56-65.
- Landale, A. 2004. Being a leader of change. *British Journal of Administrative Management*, **44**(1), December-January, 18-19.
- McDermott, L. C. 2001. Winning the talent war, *Executive Excellence*, **18**(4), April, 20.
- McLagan, P. A. 2002. Change leadership today, *T+D*, **56**(11), November, 26.
- Mester, C., Visser, D., Roodt, G. & Kellerman, R. 2003. Leadership style and its relation to employee attitudes and behaviour, *South African Journal of Industrial Psychology*, **29**(2), 72-82.
- Nel, C. & Beudeker, N. 2006. *The Competitive Quest – New economy leadership challenges*. Unpublished Book.
- Parker, A. 2005. Thinking world-class: shared leadership which is transformational, *Management Today*, **21**(10), November, 32-33.
- Puth, G. 2002. *The Communicating Leader*, 2nd edition, Van Schaik, Pretoria.
- Robbins, S. P. 2003. *Organisational Behaviour*, 10th edition, Pearson Education Inc., New Jersey.
- Roodt, A. 2005. The soul of leadership, *Management Today*, **21**(7), August, 6-10.
- Roodt, G. 2004. Concept redundancy and contamination in employee commitment research: current problems and future directions, *South African Journal of Industrial Psychology*, **30**(1), 82-90.
- Rowold, J. 2005. Multifactor leadership questionnaire: Psychometric properties of the German translation. [Online] Available: <http://www.mindgarden.com/>. Accessed: 12 February 2006.
- Saunders, M., Lewis, P. & Thornhill, A. 2003. *Research Methods for Business Students*, 3rd edition, Prentice Hall, London.
- Sondhi, R. 2006. Total Leadership – the concept, *Management Today*, **22**(1), February, 14-16.
- Spangenberg, H. H. & Theron, C. C. 2002. Development of a uniquely South African Leadership Questionnaire, *South African Journal of Psychology*, **32**(2), June, 9-25.
- Van Niekerk, H. J. & Waghid, Y. 2004. Developing leadership competencies for the knowledge society: the relevance of action learning, *South African Journal of Information Management*, **6**(4), December.
- Werther Jr., W. B. 2003. Strategic Change and Leader-Follower Alignment. *Organisational Dynamics*, **32**(1), February, 32.
- Zaccaro, S. J. & Klimoski, R. J. 2001. *The Nature of Organisational Leadership: Understanding the performance imperatives confronting today's leaders*, Jossey-Bass, San Francisco.



Influences on Clothing Perception and Preferences among Women aged 18-55 years: A Conceptual Framework

Rose Otieno* and Linga R. Shweta

Manchester Metropolitan University, Hollings Faculty, Clothing Design & Technology Department. Old Hall Lane Manchester. United Kingdom.
* Corresponding author: Tel: +441612472426, Fax: +441612476329, Email r.otieno@mmu.ac.uk

Abstract

This paper (Part 2) proposes a conceptual framework regarding body image perception and socio-cultural influences among UK women aged 18 -55 years. These body image perceptions and socio-cultural influences were presented in Part 1. A questionnaire with 100 women who utilised self-concept measures based on the drawings of body types in order to determine their body image perception. Interviews with 15 women generated critical incidents that allowed qualitative triangulation of data and themes for a conceptual framework on body image perception and socio-cultural influences. Findings showed that while women's clothing styles influenced the treatment they received from others, cultural background influenced their clothing styles. Women dressed up for work, to impress and project a preferred image. Most women prefer clothing that did not emphasise their thighs and hips. The media projected the 'skinny body' as the 'ideal' body type. Most women preferred a 'trim' body. Body alteration and treatments were a preferred option in the future. Women's clothing preferences relate to their body image, how others react to them and how society including media projects the 'acceptable' body. Although a sample of only 100 respondents were utilised, the findings contribute to an understanding of how women's dress is influenced by socio-cultural factors; this has implications for their body image and clothing preferences. Understanding the socio-cultural influences of clothing is important if marketers are to meet needs for different target markets in the UK. Understanding how these influences work as a conceptual framework will contribute to literature.

© 2007 World Research Organization. All rights reserved

Keywords: Body image, Clothing perception, Appearance, Women, UK.

Citation: Otieno, R. R. & Shweta, L. R. (2007). Influences on clothing perception and preferences among women aged 18-55 years: A conceptual framework. *World Journal of Business Management*. 1(2) 47-58

Introduction

Body size and shape variation is a topical discussion many societies. In today's society, being thin or fat has far-reaching social implications for individuals (Bordo, 2003), and culture provides varied contexts for the interpretation of appearance messages (Kaiser, 1997). The socio-cultural pressure to be thin emanates from the mass media, parents, siblings, peers and partners (Stice and Shaw, 2002) and may vary from glorification of ultra-slender fashion models, direct messages about losing weight, weight-related teasing or bullying and conformity to the thin-ideal body espoused by women.

Negative messages about being overweight are relentless and reflect a strong anti-fat bias that may result in stigma and discrimination (Stice, 1994; Powell and Kahn, 1995; Puhl and Brownell 2001). Being thin and physically fit may signify success and power, while obesity could portray failure (Breseman, Lennon and Schulz, 1999). Further, being overweight is more problematic for women than it is for men due to cultural ideology (Kaiser, 1997). Dress is not only an 'object to look at' but an embodiment of complex social relationships (Entwistle, 2000) that consist of public and private interactions (Turbin, 2003). This concept of body/private and public/world relationships, for example,

how professional women dress for office and home, requires an awareness of social norms and expectations (Entwistle, 2000). Kaiser (1997) explains that the body is modified through appearance management behaviour. The body is seen as a part of one's self that is open to revision through transformation of its shape, weight and contours through exercising, diet, make up, cosmetic surgery and clothes. According to Guy, Green and Banim (2001) women can reveal their 'true selves' through clothing choices that detract or attract attention to them. Gillen (2001) observes that as women seek to project an image acceptable to themselves and for psychological comfort during different occasions. In everyday life, dress is a reflexive and practical negotiation between the fashion system, social conditions and the norms for social situations (Entwistle, 2000). Gurel and Gurel (1979) suggested four dimensions related to the interest in clothing: concern with personal appearance, experimentation with appearance, heightened awareness of clothing and enhancement of personal security. Understanding women's clothing perception and influences is therefore important. This paper discusses women's clothing perception and preferences in the UK and proposes a conceptual framework regarding this such influences.

Socio-cultural orientation and influence on body image

Physical appearance is an important part of body image as it is a primary source of information that others use to guide social interactions (Sarwer and Crerand, 2004) and it is used in appearance management (Tiggemann, 2004a) especially among mature women (Jackson and O'Neal, 1994). Sontag and Schlater's (1982) study concluded that there is a relationship between women's clothing and body satisfaction. Proximity of clothing to the self is multifaceted and includes thinking about clothing and the self, the internalisation of others' judgments, body satisfaction or cathexis and evaluation of self which would result in positive or negative feelings. Fashion and clothing are forms of non-verbal communication that expresses both commonality and individuality (Barnard, 2002; Entwistle 2000) and it is also something through which people are made sociable and cultural. Tseëlon (1997) explains that women have developed a finely tuned self-consciousness about their appearance as a result of cultural attitudes and pressures such as religious and social constructs. Freedman (1990) observes that feeling powerful and feeling good about oneself are closely connected. Researchers (Solomon and Douglas, 1985; Kaiser, 1997; Johnson, Crutsinger and Workman, 1994; Johnson and Lennon, 1999) in studying clothing in the workplace have concluded that although women are expected to adopt male props or symbols, they must continue maintaining evidence of femininity in their clothing.

Women's Body Image and perception

Fallon (1990) suggested that women's concept of themselves is correlated with their perception of their own attractiveness or even the way they think others see them. Body image can also be temporarily influenced by life circumstances such as pleasure and pain. Studies (Fallon and Rozin, 1985; Jackson, 1992) have revealed that a comparatively higher ratio of women have lower body images than men. Thompson and Thompson (1986) suggested a significant negative correlation and link between self esteem and size overestimation. Objectification of the female body, for example through male gaze or media representations has consequences and, girls and women are gradually socialised to internalise an observer's perspective of their physical self (Tiggemann, 2004a).

Hence, women begin to treat themselves as an object to be looked at and evaluated on the basis of appearance. Self-objectification (Fredrickson and Roberts, 1997) is characterised by the habitual and constant monitoring of the body's outward appearance and can lead to negative emotional and experiential consequences such as body shame, appearance anxiety and disordered eating. Aesthetic preferences for body shape and size have varied widely over time and across cultures (Fallon, 1990; Mazur, 1986) and the rise of mass media imposes uniform standards of beauty and fashion worldwide. Body image ideals have changed with time. As Fallon (1990) states, culture is responsible for the ideals of beauty. Grogan (1999) suggests that in the Western industrialised cultures, the voluptuous body type which was favoured during the middle ages has been discarded for the thin one. Slade (1994) and Grogan (1999) observed that western cultures encourage the thin body cult especially for young women. In economically poor countries thinness may signify negative factors such as poverty or ill health and these cultures may value plumpness, where as in economically affluent countries thinness may be associated with self control, elegance, social attractiveness and youth (Orbach, 1993).

Body cathexis and body image dissatisfaction

Freedman (1990) explains that bodies are experienced through a collection of multi-dimensional cognitive constructs: 'the body image percept' (a cognitive interpretation of external sensation, for example observing one's reflection); 'the body image attitude' (the ideas and rules that organise our view of the physical self and 'the body image affect' (the emotional responses generated by conscious thoughts about the body). These cognitive constructs result in the creation of beliefs in the person which solidify over time, becoming a part of a permanent and unchangeable core of their personality (Van der Velde, 1985). According to Pliner, Chaiken and Flett's (1990) research on social learning, attractiveness plays a more critical role in women's self evaluation.

While body dissatisfaction refers to negative subjective evaluations of one's physical body, body image distortion is where the individual perceives their body to be significantly larger or smaller than it really is (Stice and Shaw, 2002). Body cathexis is the evaluative dimension of body image, positive and negative feelings towards one's body (LaBat and DeLong, 1990). Body cathexis and self schema are closely interrelated. Self schema are structured thought processes that organise, modify and integrate qualities attributed to the self (Kaiser, 1997); a person's construct of those traits that make them distinctive and constitute the sense of 'me' (Myers and Biocca, 1992).

This sense of self is built into the individuals who are observing their own behaviour and also noticing others reaction to them. Self-schema includes both visual images and verbal description (Kaiser, 1997). Kaiser (1997) and Cash and Szymanski (1995) have suggested that self-discrepancy is correlated with self-schema and body dissatisfaction. The media's depiction of ideal beauty is ubiquitous; creates discrepancies between women's actual and ideal appearances. Psychological influences of body image include perceptual, developmental, and socio-cultural factors (Sarwer, Wadden, Pertschuk, and Whitaker, 1998). Perceptual factors involve a person's ability to accurately evaluate the size, shape, and texture of a physical characteristic. It is observed that patients of cosmetic surgery often describe their physical appearance in ways that do not correspond to the objective reality of their appearance (Sarwer and Crerand, 2004).

Socio-cultural influences on body image include the interaction of cultural ideals of beauty as portrayed by the mass media, self-ideal discrepancy and social comparison with other people (Grogan, 1999). People compare themselves to individuals who represent cultural ideals of beauty which can result in body image dissatisfaction (Heinberg, 1996). Since body image is not a physical construct but a mental image, it could be associated with unhealthy body image attitudes and emotions such as disappointment, dissatisfaction, and sadness (Higgins, 1987) and can result in agitation, fear, threat, restlessness, anxiety (Cash, 1990; Freedman, 1990; Jung, Lennon and Rudd, 2001). Paquette and Raine (2004) emphasise the notion that the current cultural value placed on thinness may take precedence over health. This can result in behaviours that aim to control body image for example exercise, dieting and surgical procedures. Slade (1994) highlighted clinical concerns such as neurological disorders (faulty perception of their own body), body image distortion (BID) such as in anorexia nervosa and bulimia nervosa and body dysmorphism (delusional misperception). In all these areas the misperception of body size and shape is the key concern. This paper presents a conceptual framework on body and clothing perceptions and their influence on clothing preferences among women aged 18-55 years.

Methodology

This study investigated body image perception and clothing preferences among women aged 18 -55 years. The objectives were to determine the perception of these women towards their bodies and to examine the socio-cultural influences that affect body image perception among these women and to determine the extent to which gender roles and attitudes determine women's clothing preferences. Part 1 focused on body image and its influence on clothing perception among these women. This paper (Part 2) will focus on the qualitative triangulation of data generated from interviews utilising the Critical Incident Technique (CIT) in the development of a conceptual framework regarding these women's body image and clothing preferences. Both qualitative and quantitative methods were utilised in collecting relevant data: a questionnaire with 100 women and in-depth interviews 15 women.

The questionnaire utilised 'self concept measures' (Gilbert and Morris, 1995) to gain an insight into the body image perception of the sample. Also drawings of five body types were presented to enable women to select and compare their bodies with those that they consider as ideal. Interviews with 15 willing women were advised by the findings of the questionnaire. These interviews formed the basis for the CIT analysis (Gilbert and Morris, 1995) using triangulation of qualitative data. The CIT technique was utilised to reveal the underlying factors that lead to the body image currently held and the clothing appearance of these women and therefore the development of a conceptual framework. Women were asked about recent experiences regarding their currently held body image perception, actions of others towards themselves and the result of this action. The researchers then utilized the responses to these items to identify themes related to behavior and attitude of the interviewee.

Questionnaires and interviews (Moser and Kalton, 1971) generate rich data. The questionnaire design, administration and procedures for sample selection were carefully considered to enhance validity and reliability (Bryman, 1989; Oppenheim, 1992) thereby enabling a comparison between two cohorts of women (18-30 years and 31-55 years). Using a questionnaire enables transparency of method and procedures, accessibility to large data at a low cost, standardisation and anonymity (Robson, 2002). The 'self-concept measures' (Gilbert and Morris, 1995) with a scale of 1 to 10 was adopted as words familiar to the respondents were utilised; thereby contributing to validity (Lee, 1993). The 'figure preference ratings' method (Tiggemann, 2001; Fallon and Rozin, 1985), whereby a set of drawings organised from 'very thin' to 'very heavy' are presented to the respondent, was adopted to examine body-image attitudes. A similar tool was utilised in the questionnaire, where a set of five female drawings were randomly placed and shown in order to avoid a progressive growth of body weight which could have resulted in making the

respondent feel uneasy or shy. The women were asked make an indication by choosing a visual that would be suitable to the corresponding questions regarding: (i) the media projected 'ideal' body type (ii) the figure that approximates their current figure and, (iii) the figure type they would like to look like. These drawings were later categorised into skinny, trim, average, fleshy and obese during data analysis.

The interviews were audio-taped and later transcribed and analysed, thereby generating themes. Open-ended questions enabled probing (Miller, 1991). The conduct of the interviews was relaxed and informal. Grogan (1999) points out that "interviews allow the participants to set their own agenda and address issues that are important to them, giving this technique unique flexibility ...". Interviews provide rich and illuminating qualitative data, increase the response rate, are flexible and adaptive, allow probing, allow on the spot assessment and enable the interviewer to clear any misunderstandings (Robson, 2002; Oppenheim, 1992; Miller, 1991).

A purposive sample was selected for interviews so that women from different cultural backgrounds were well represented to ascertain the influence of culture on their body image perception. Fifteen women were interviewed from various ethnic and educational backgrounds. These women were educated and, hence, would have awareness regarding body image and its effect on clothing choices of women. To explore the extent and levels of body dissatisfaction, in-depth interviews were conducted with 15 of the respondents in order to gain an understanding of the various factors that affect women's body image and how this in turn influences their clothing preferences. Starting with a general discussion on the thoughts and feelings held by participants about their own bodies, a semi-structured approach allowed the researcher to utilise a flexible schedule for the CIT (Gilbert and Morris, 1995).

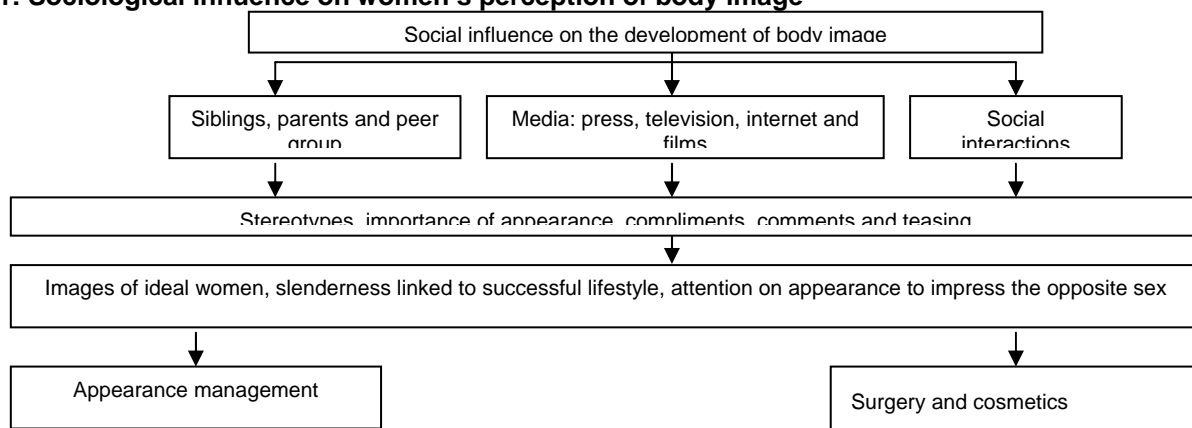
The interview consisted of open-ended questions regarding: (i) participants' views on the media's influence in creating the image of the 'ideal' female body, (ii) participants' perceptions of and feelings towards the media's propagated 'ideal' bodies, (iii) participants' assessment and interpretation of current female beauty standards, (iv) participants' views on the social and gender orientation of women, (v) influence of participants' current body type on their clothing choices, and, (vi) tracing the changes in the participants' clothing choices over the past few years. One of the key issues that the researchers considered was to determine the degree to which women's perceptions and cultural predispositions are influenced by the mass media. The in-depth interviews fostered validation of questionnaire data by allowing clarification of emergent themes. The duration of interviews was 25 to 40 minutes. Emergent themes form the basis for discussion.

Socio-cultural influences regarding women's body size and shape and appearance

Demographic data was collated. Age was an important factor in comparing body image perception and clothing preferences among the two age cohorts; 18-30 years (59%) and 31-55 years (41%). Respondents' religious backgrounds were explored: 48.4% (protestant), 14.3 % (Roman Catholic), Hindu, Buddhist, and Muslim (less than 6% each). A majority (66%) were White British, 10 % were Europeans, 7% Indians and the rest had percentages of 5 % or less. For education, 35.1% were graduates, 19.6% were post-graduates, 16.5% had completed GCSE, 15.5% had completed A-levels and 11.3% had professional training. 25.3% earned less than £10000, 26.7 % earned £10000- £20000, 25.3% earned £20001- £30000, 10.7% earned £30001- £40000, 12% earned £40001 and above. Seventy five women responded to the item concerning their earnings. 61% of these received remuneration on a monthly basis, while 15% earned on a weekly and 12% earned on an hourly basis.

This reflects the financial stability of the women and that the majority were involved in jobs of a higher skill, as more senior jobs are almost always salaried. A majority of 63 % women were employed, while 27 % were students and about 5 % were housewives or did not work. Figure 1 presents the sociological influence on women as generated from the raw data: family and peer group, media and other social interactions such as boyfriends. It can also be observed that most women reacted to compliments, comments and teasing. Concurring with Bordo (2003) and Kaiser (1997), data revealed that body size, shape and appearance are important in social contexts. Slender women were considered to be of an ideal body size, of a successful lifestyle, and attractive to the opposite sex. Socio-cultural pressure is immense (Stice and Shaw, 2002). Women could alter and enhance their appearance through clothing choices or drastic measures such as cosmetic surgery. This finding concurs with Paquette and Raine (2004) that the strong emphasis on being thin could sometimes override any health issues.

Figure 1: Sociological influence on women’s perception of body image



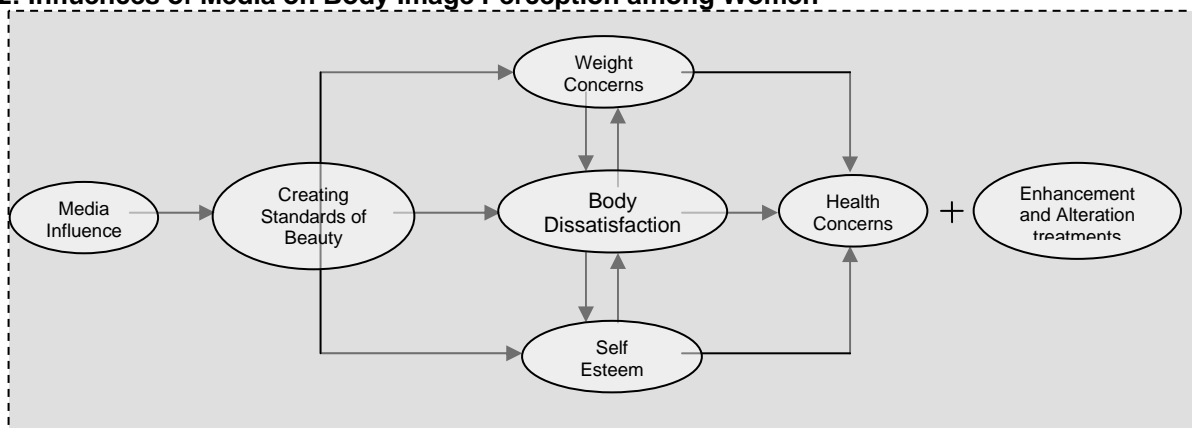
Thirteen out of fifteen women stated that the pressure to look good is greater on women than that on men. All interviewees agreed that although both men and women were judged on appearance, the latter were criticised more on appearance. Also, women from different cultural backgrounds (Pakistan, Hong Kong, Mexico, Britain, Africa and Europe) experienced similar body image pressures and body dissatisfactions. This finding is unique and in contrast with earlier authors (Fallon, 1990; Slade, 1994; Grogan, 1999) who suggested that while western cultures upheld the ‘thin’ ideal, most other cultures still valued the voluptuous body. Women were asked if others’ perception of them would have any influence on their clothing choice. All participants in the age cohort of 18-30 stated that other people influenced their choice of dress. Lee (1993) and Lee and Lee (2000) showed that body image disturbance is experienced across cultures. Women of African origin experienced more pressure to be thin in the U.K, while the women from Hong Kong reported less pressure to be thin in the U.K. Young Pakistani women appeared to have similar body ideals as in the western countries. Similar to other studies (Davis and Katzman, 1999; Lee, 1993; Lee and Lee, 2000), all women in this study, British and non-British, had similar body ideals and aspired to be thinner. Concurring with Ussher (1989), this study concludes that body dissatisfaction can be attributed to the images of ideal women, against whom they and others judged them. It was observed that

siblings and female friends influenced their perception of body image (Stice, 1994; Thompson and Heinberg, 1999). Interviews revealed that women’s body image and clothing choices were affected by other people’s opinions and they become more susceptible towards negative feedback, implicit social comparison cues, or other provocative information about body weight or appearance (Rosen, Orosan-Weine and Tang, 1997; Lavin and Cash, 2001). This is particularly applicable to larger women who felt they needed to dress in conformity to social prescription.

Media Impact on experience of body dissatisfaction

All the participants reported that the media influenced how women felt about themselves. Women stated that magazines and TV soaps portrayed only thin women as being glamorous and having successful careers which created a beauty-bias that many aspired for. Figure 2 shows the influence of media on body image perception among these women. Lavin and Cash (2001) suggest that encountering images of seemingly flawless models, appeals for dieting and beautification, and that the messages that glorify looks only, may generate negative body image perceptions. This study found that a majority of women reacted negatively to the visuals of glamorous women shown to them: that they were unnatural digitally altered or enhanced through the use of excessive make-up.

Figure 2: Influences of Media on Body Image Perception among Women



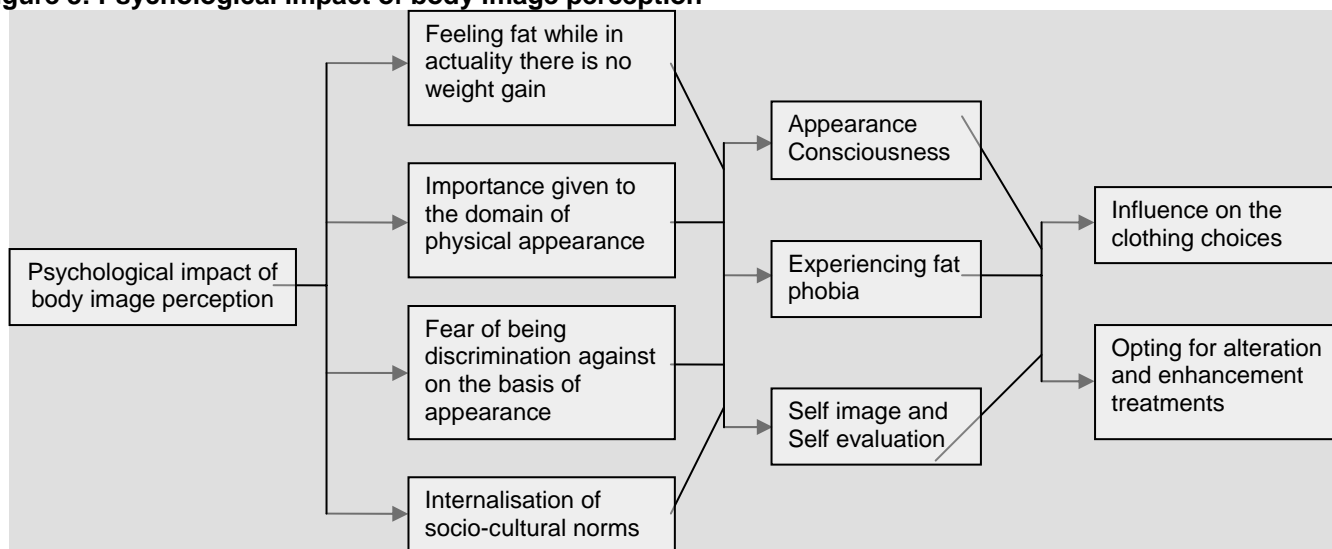
Earlier, questionnaire data revealed that 62.6% women accepted that the media affected their self-evaluation while 62.2% women reported that they had tried make-up and fashion cues from TV or magazines. Data showed that the topics most discussed in women's magazines were celebrities, make-up, fashion, clothes, diet and procedures for delay ageing. Career-related topics were rarely discussed. In these magazines, women were portrayed as perfect in all spheres of their lives; this created a feeling of inadequacy among readers (Lavin and Cash, 2001) and could increasingly pressurise women to resemble these stereotypes. The findings of the interviews concur with Biggs' (2002) conclusion that older women are rarely seen in TV

programmes or in films or they are stereotyped in the media. Similar to Evan's finding (2003) women experienced body dissatisfaction after being exposed to thin media ideals.

Psychological Impact of Body Dissatisfaction

Thirteen of the fifteen interviewees were dissatisfied with at least their bodies, body parts or features. All women avoided certain styles, opting for those clothes that helped conceal these perceived 'body flaws' or accentuated their physical 'assets'. Figure 3 summarises the factors that influence body image perception and its effects.

Figure 3: Psychological impact of body image perception



It was evident that most women (76%) were not satisfied with their current body image. 56% of women had classified their current body as 'average'. Although 71% of women preferred the 'trim' body type, only 19% of women currently had this body type. Thirteen of the 15 women were dissatisfied with some body feature or body part. Mostly, women felt dissatisfied with their waist size, legs and particularly their thighs, and hips. While some women may feel fat even if the reality is contrary, many also feared being discriminated against on the basis of their appearance. Most women place considerable importance on physical appearance and that internalisation of socio-cultural norms of beauty ideals could be associated with body dissatisfaction. In concurrence with Tiggemann's (2004a) findings concerning body image dissatisfaction, women interviewed in both age groups reported dissatisfaction or concern with their thigh, waist, hip girth and weight. Similar to Cash and Henry (1995), the study found that the majority of women preferred body types thinner than their own, 74% of women had at least dieted before. Grogan (1999) emphasises that one behavioural indicator of body dissatisfaction is the inclination to change body shape through diet.

Similar to Bacon and Robinson (1997) this study found that women experienced a phobia about being fat.

Questionnaire data showed that women were weight-conscious (76%) thought that bigger women were discriminated against (90%) and had witnessed such discrimination (57%). Jung, Lennon and Rudd (2001) explain that the extent to which individuals are satisfied or dissatisfied with their bodies in relation to cultural ideals may be dependent on its centrality, influence and self relevance. This could explain the varying reactions on 'how the visuals in the magazines made them feel about themselves and their bodies'. Of 100 women 53.8 % considered themselves fashion conscious, while 46.2 % claimed that they were not fashion conscious. A positive appraisal from others communicates to an individual that they possess the evolutionary relevant features and this leads to a positive self-appraisal (Wade and Cooper, 1999). Interview data revealed that most women feel good about themselves when complimented on their appearance. Women who were size 16 and above reported being teased and receiving negative comments about their weight. Since there are social identity concerns associated with women's attractiveness, it could also be associated with women's self-esteem (Wade and Cooper, 1999).

Body Enhancing and Alteration

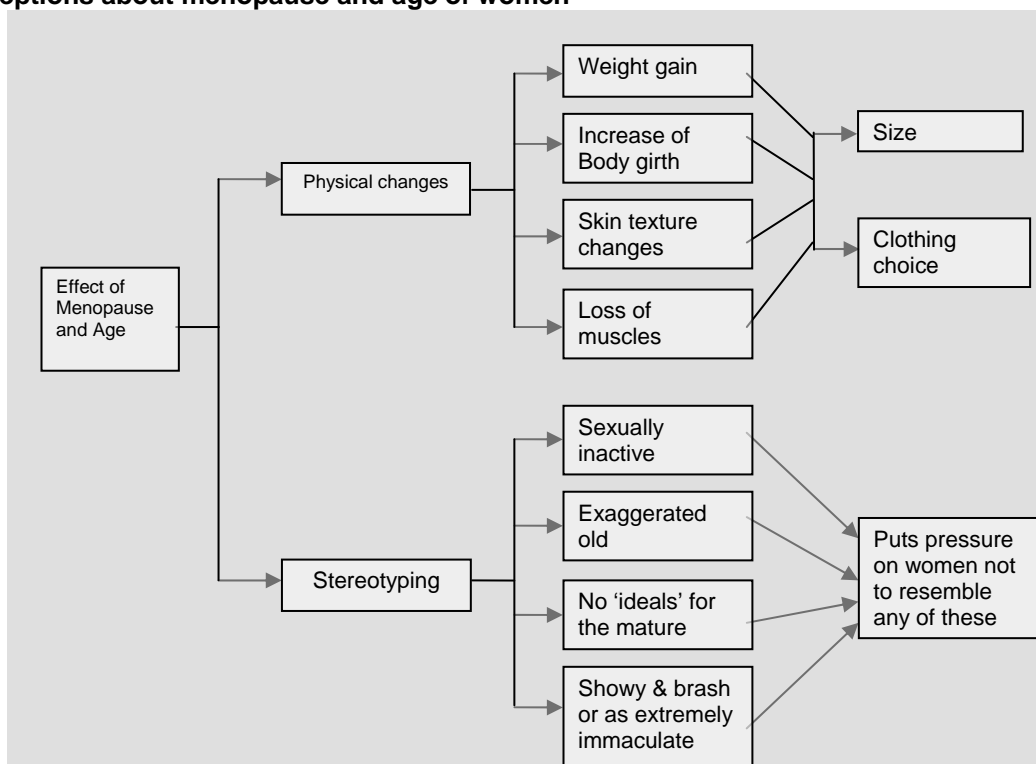
In the age cohort 18-30 years, six out of eight women consider body enhancement for the future and alteration treatments, although all women cited their concern regarding the side effects this would have to their health. In the age cohort 31-55 years, five of the seven participants would first consider ethical aspects. Women in the age cohort 18-30 years stated that if body dissatisfaction affected their self-esteem, they would undergo such a treatment. Biggs (2002) observes that the media images, social attitudes and resultant cultural environment are largely responsible for the fact that many people seek to modify their bodies. Further, some older people would pursue disguising the physical signs of ageing in order to avoid the prejudice associated with aging. Although the majority of women in the age group of 31-55 years did not agree with the ethics of physical alteration treatments such as plastic surgery, breast enlargement or facelifts, they considered natural therapy or exercise to delay the physical ageing as acceptable. The questionnaire data shows that only 32% of women had considered plastic surgery or laser treatments for enhancing their appearance. The study shows that out of the 32 women who have considered plastic surgery in

the past, 22 women belonged to the age group 18-30 years and 10 were 31-55 years. This concurs with findings of Tantleff-Dunn and Agliata (2001) that college women were more likely than older women to consider cosmetic surgery. For many young women, the cultural ideal is inconsistent with aging.

Changes in clothing preferences among mature and larger women

Interviewees were asked if their body size and shape influenced their clothing choice; all women stated that it did. They avoided certain clothing styles because they were conscious of their figure types. Thirteen out of fifteen women had at least once purchased clothes that they did not feel comfortable to wear. Mature women expressed their perception of physical changes (weight gain, increase in body girth, change in texture and loss of muscle firmness) which in turn affected their clothing choices. Figure 4 shows the various factors that influence menopausal women's body image and clothing preferences. Crose (2002) suggested that a woman's relationship with her body will be expressed in the way that she wears her clothes, does her hair, and other aspects of self-presentation.

Figure 4 Perceptions about menopause and age of women



Results showed that an overwhelming majority of women (96.7 %) thought that their body type influenced their clothing choices. Data from the interviews suggests that women who wore size 14 and above felt that fashionable clothes are only available for slim women. Women in the age group of 49-55 years expressed dissatisfaction with fabrics used and also the availability of fashionable clothing for them. The interviews indicate that as women grow older, the comfort of clothes

becomes more importance. It is observable that dissatisfaction with body image could be related to a lack of availability of preferred clothing styles. Age affects body image since physical changes that take place could alter women's perception about their bodies and the importance they give to body appearance. Demarest and Langer's (1997) finding that greater dissatisfaction with body image is accompanied with increasing age contrasts with that of Cash and Henry

(1995) that age had little effect. More recently Tiggemann (2004) suggested that the importance of body shape, weight and appearance decreased as women age. This study concurs with Clarke (2002) and Bordo (2003) that weight is a source of dissatisfaction for many young and middle-aged women and their feelings about weight is a central to their body image. While the ideal female body is youthful, toned and thin (Bordo, 2003) weight gain is normative with advancing age. This is especially applicable to women above the age of 40 years who stated that weight gain was beyond their control.

Issues of Gender Orientation and Differences

Women have been conditioned to value their appearance, due to inter-sexual and intra-sexual competition and the society's persistent focus on women's attractiveness based on appearance evaluation (Wade and Cooper, 1999). Data revealed that 52% of women were influenced by the ideas and expectations of other women, while 40% were influenced by the ideas and expectations of men. Women stated that gender orientation placed appearance judgement on women but not men. Several studies have explored gender-related attitudes in relation to appearance perception (Kaiser, 1997; Demarest and Allen, 2000; Guy and Banim, 2000; Wade and Cooper, 1999). In this study, 56% of women thought that women were considered to be more conscious about their appearance than men. Respondents attributed this appearance consciousness to a media-created social environment, gender differences and the need to conform to social expectations. It could be observed that gender differences (Demarest and Allen, 2000; Tiggemann and Rothblum, 1997) exist in several body-related thoughts and activities for these women. These activities are important for women since their status and value are judged by appearance (Wilcox, 1997).

Clothing perception and preferences among women

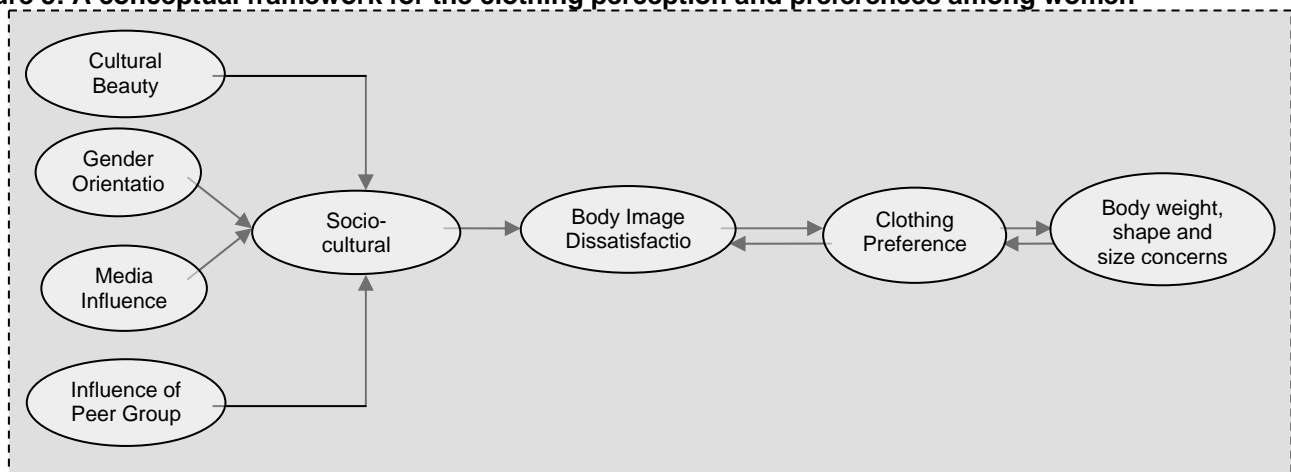
The emphasis on socio-cultural factors (Stam, 1998; Kaiser, 1997; Warwick and Cavallaro, 1998) in promoting body beautification and resultant health issues includes the role of the media, traditional gender roles, and the construction of negative meanings related to bodies that do not conform to the popular body 'ideal'. As women's body remain the standard for self and appearance evaluation, body image dissatisfaction may continue (Orbach, 1993). Physical appearance is an influential variable in social and psychological relations among women (Cash and Pruzinsky, 1990; Thompson, Heinberg, Altabe, and Tantleff-Dunn, 1999). Body image

has both perceptual and affective components (Rudd and Lennon, 2001) and this affects how we interact with clothes, and it affects how that clothed appearance is presented publicly.

This study found that 81.3% women stated that clothing style influenced the treatment that they received from others. 71.1% of these utilised clothes to reflect their personality, ideas and beliefs. 56% of the women dressed to appear modest and 37% dressed to be taken seriously at work. This study, therefore, concludes that clothing is an important aspect of self presentation and plays a central role in creating an intended 'image' of the 'self' to others in a given social situation. Data revealed that women who perceive clothing as a key aspect of appearance also placed importance on grooming themselves daily and how others dressed (Kaiser, 1997). Findings in this study emphasise that clothing choices of women were particularly dependent on their body image.

The interviews established that all women used clothing to either accentuate their self-perceived assets or conceal those features of their body which they were dissatisfied with. In most cases, women used clothing to look thinner or to conceal the body features they were dissatisfied with. Women reported that there were particular styles of clothing that they would like to wear but that they avoided these clothes because the styles could not suit them, or their image. These women were self-conscious. The importance of body appearance seems to decrease as age increases. With age women's bodies deteriorate, they remain equally dissatisfied, but it matters less to them (Tiggemann, 2004). Webster and Tiggemann (2003) found that the moderating effect of age was largely mediated by cognitive control. This indicates that as women grow older and inevitably move further from the youthful and thin ideal, they adopt cognitive strategies such as lowering their expectations or reappraisal, which increase their acceptance of their ageing bodies and more importantly, serve to maintain their self-concept and self-esteem.

Figure 5 presents a conceptual framework of the clothing perception and preferences among women aged 18-55 years. Pertinent to this framework is that socio-cultural influences (beauty-ideals, gender orientation, media and peer group) all influence to varying degrees, how women perceive their bodies and whether they are satisfied with their body image and body size or not. In this context then, they form clothing preferences to meet these needs especially those related to body weight, shape and size. These preferences vary as women grow older.

Figure 5: A conceptual framework for the clothing perception and preferences among women

Conclusion

This study found that women's clothing perception and body image were influenced by four drivers: socio-cultural environments (Figures 1), media projection of the 'ideal' body (Figures 2), psychological perception by women (Figures 3) and women's perspectives about stereotypes of menopausal changes (4). Family and peers, through their compliments, comments and teasing, influenced the way women viewed their body size and shape; these are important aspects in social contexts (Bordo, 2003; Kaiser, 1997). Slender women were considered of ideal body size, of a successful lifestyle and attractive to the opposite sex. Socio-cultural pressure to be slender is therefore immense (Stice and Shaw, 2002). Women are willing to alter or enhance their appearance through clothing choices or drastic measures such as cosmetic surgery. This finding concurs with Paquette and Raine (2004) that the strong emphasis on being thin could sometimes override any health issues.

Today, there are many programs usually publicised through the media that offer services to alter size and shape. The media continues to play a significant role as an influencer of how women perceive their body image. Women compare themselves with the flawless and successful images portrayed of thin women whose body size, shape and image are considered to be the 'ideal' standards of beauty. Body dissatisfaction and its impact on self esteem and health should be of great concern to the consumers and marketers, especially when considering that younger women and even teenagers are seeking to alter their bodies based on these ideals. Women seek to enhance their bodies in comparison with this media-portrayed image. The psychological impact of body image perception creates a vicious cycle of dissatisfaction, internalisation of socio-cultural norms about being fat, discrimination and even a less objective assessment of body size and shape. Women experienced phobias about being fat, discriminated against and opted for drastic measures regarding weight loss and being accepted. Women's perception about

menopause revealed their awareness about physical changes during this ageing process and the underlying stereotypes. These issues put pressure on women and influence their body image perception and clothing choices.

These four aspects (Figures 1, 2, 3, 4) were the key socio-cultural drivers that contributed to how women viewed their body image thereby generating satisfaction or dissatisfaction with the body. This study generated a conceptual framework (Figure 5) that relates sociological influences to women's body image and clothing preferences, psychological impact on women's perception of their bodies, influence of body image dissatisfaction among women, body image perception and clothing preferences of women and influence of body image perception among women. This conceptual framework contributes to knowledge and a better understanding regarding how women perceive their body image and its influence on clothing preferences. To understand women's clothing preferences and choices, the influence of socio-cultural and psychological drivers have to be evaluated.

Further research is needed in this area, especially in the recent debate concerning very small sizing for women (size zero in the USA and size 4 in the UK). Clothing preferences of women are dependent on their body image perception. Body image and clothing preferences influence women's sociological and psychological wellbeing. Although the study observes that lack of clothing styles available for mature and large women can add to the feeling of body dissatisfaction, the extent of this dissatisfaction could not be clearly established as such an investigation was not within the scope of this study. Further investigation into body image dissatisfaction which were in particular experienced by larger and older women, while shopping in a fashion and retail environment is proposed. It can be concluded that body image dissatisfaction is socio-culturally embedded through pervasive stereotypes on shape, size, weight and appearance. The efficacy of the conceptual

framework could be studied further. A bigger sample could facilitate in-depth study.

References

- Bacon, J. and Robinson, G. B. B. (1997) 'Fat Phobia and the F-Scale-Measuring, Understanding and Changing Anti-Fat Attitudes' in *Melpomene Journal*, Vol.16 (1), pp.24-37.
- Barnard, M. (2002), *Fashion as Communication* (2nd .ed.), Routledge, London.
- Biggs, H. (2002) 'The Ageing Body' in Evans, M. and Lee, E. (2002) *Real Bodies: A Sociological Introduction*, pp.167- 183, Palgrave, Basingstoke.
- Bordo, S. (2003) (10th Anniversary .ed.) *Unbearable Weight: Feminism, Western culture, and the Body*, University of California Press, Berkley, London.
- Breeman, B. C., Lennon, S. J. and Schulz, T. L. (1999) 'Obesity and Powerlessness' in Johnson, K. K. P. and Lennon, S. J. (ed.) (1999) *Appearance and Power*, Berg, Oxford.
- Cash, T. F. (1990) 'The Psychology of Physical Appearance: Aesthetics, Attributes and Images' in Cash, T. F. and Henry, E. (1995) 'Women's Body Images: The results of a national survey in the USA' in *Sex Roles*, Vol.33, pp.19-28.
- Cash, T. F. and Pruzinsky, T. (1990)(ed.), *Body Images: Development, Deviance and Change*, pp.51-79, The Guilford Press, London.
- Cash, T. F. and Szymanski, M. L. (1995) 'The Development and Validation of the Body-Image Ideals Questionnaire' in *Journal of Personality Assessment*, Vol. 64(3), pp. 466-477 in Jung, Lennon and Rudd (2001).
- Clarke, H. L. (2002) 'Older Women's Perceptions of Ideal Body Weights: The Tensions between Health and Appearance Motivations for Weight Loss' in *Ageing and Society*, Vol. 22, pp.751-773, Cambridge University Press.
- Cruse, R. G. (2002) 'A women's aging body: Friend or foe?' in F. K.Trotman and C. M. Brody (eds.), *Psychotherapy and counselling with older women: Cross-cultural family and end-of-life issues* (pp. 17-40), Springer, New York.
- Davis, C., and Katzman, M.A. (1999) 'Perfection as acculturation: Psychological correlates of eating problems in Chinese male and female students living in the United States' in *International Journal of Eating Disorders*, Vol.25, pp.65-70.
- Demarest, J. and Allen, R. (2000) 'Body Image: Gender, Ethnic, and Age Differences' in *Journal of Social Psychology*, Vol. 140(4), pp.465-473.
- Demarest, J., and Langer, E. (1997) 'Body Shape Satisfaction: Sex and Age Differences Across the Lifespan' in
- Demarest, J. and Allen, R. (2000) 'Body Image: Gender, Ethnic, and Age Differences' in *Journal of Social Psychology*, Vol. 140(4), pp.465-473.
- Entwistle, J. (2000) *The Fashioned Body: Fashion, Dress and Modern Social Theory*, Polity Press, Cambridge.
- Evan, P.C. (2003) 'If Only I were Thin Like Her, May be I Could be Happy Like Her: The Self Implication of Associating a Thin Female Ideal with Life Success' in *Psychology of Women Quarterly*, Vol.27, pp.209-214, Blackwell Publishing.
- Fallon, A. (1990) 'Culture in the Mirror: Sociocultural Determinants of Body image' in Cash, T. F. and Pruzinsky, T. (ed.) (1990), *Body Images: Development, Deviance and Change*, pp.80-109, The Guilford Press, London.
- Fallon, A. and Rozin, P.(1985) 'Sex Difference in Perception of Desirable Body Shape' in *Journal of Abnormal Psychology*, Vol.94(1), pp.102-105.
- Fredrickson, B. L. and Roberts, T. A. (1997) 'Objectification Theory: Toward Understanding Women's Lived Experiences and Mental Health Risks' in *Psychology of Women Quarterly*, Vol.21, pp.173-206.
- Freedman, R. (1990) 'Cognitive-behavioural Perspectives on Body Image Change' in Cash, T and Gilbert, D. and Morris, L. (1995) 'The Usefulness of Critical Incident Technique in Isolating Travel Satisfaction' in *International Journal of Contemporary Hospitality Management*, Vol.7 (4):16.
- Gillen, K. (2001) 'Choosing an Image: Exploring Women's Images through the Personal Shopper' in Guy, A., Green, E. and Banim, M. (ed.) (2001) *Through the Wardrobe: Women's Relationship with their Clothes*, pp.71-93, Berg, Oxford
- Grogan, S. (1999), *Body Image: Understanding Body Dissatisfaction in Men, Women and Children*, Routledge, London.
- Gurel, L. M., and Gurel, L. (1979) 'Clothing Interest: Conceptualization and Measurement' in *Home Economics Research Journal*, Vol. 7, pp.274-282.

- Guy, A. and Banim, M. (2000) 'Personal Collections: Women's Clothing Use and Identity' in *Journal of Gender Studies*, Vol. 9 (3), pp.313.
- Guy, A., Green, E. and Banim, M. (ed.) (2001) *Through the Wardrobe: Women's Relationship with their Clothes*, Berg, Oxford.
- Heinberg, L. J. (1996) 'Theories of Body Image Disturbance' in J. K. Thompson (Ed.), *Body Image, Eating Disorders and Obesity* (pp. 27–47), Washington, D.C: American Psychological Association.
- Higgins, E. T. (1987) 'Self Discrepancy: A Theory Relating Self and Affect' in *Psychological Review*, Vol. 94, pp. 314-340.
- Jackson, H. O. and O'Neal, G. S. (1994) 'Dress and Appearance Responses to Perceptions of Ageing' in *Clothing and Textiles Research Journal*, Vol.12, pp.8–15.
- Jackson, L. A. (1992) *Physical Appearance and Gender: Sociobiological and Sociocultural Perspectives*, Suny Press, Albany, New York.
- Johnson, K., Crutsinger, C. and Workman, J. E. (1994) 'Can Professional Women Appear Too Masculine? The Case of the Necktie' in *Clothing and Textile Research Journal*, Vol.12(2), pp.27-30.
- Johnson, K. K. P. and Lennon, S. J. (ed.) (1999) *Appearance and Power*, Berg, Oxford.
- Jung, J., Lennon, S.J and Rudd, N. A. (2001) 'Self - Schema or Self - Discrepancy? Which Best Explains Body Image?' in *Clothing and Textiles Research Journal*, Vol.19(4) , pp.171-184.
- Kaiser, S. B. (1997) *The Social Psychology of Clothing: Symbolic Appearances in Context* (2nd ed. revised), Fairchild Publication, New York.
- LaBat, K.L and DeLong, M.R. (1990) 'Body Cathexis and Satisfaction With Fit of Apparel' in *Clothing and Textile Research Journal*, Vol.8 (2) pp. 43-47.
- Lavin, M. A. and Cash T. F. (2001) 'Effects of Exposure to Information About Appearance Stereotyping and Discrimination on Women's Body Images' in *International Journal of Eating Disorder*, Vol. 29, pp. 51–58.
- Lee, S. (1993) 'How Abnormal is the Desire for Slimness? A Survey of Eating Attitudes and Behaviour among Chinese Undergraduates in Hong Kong' in *Psychological Medicine*, Vol.23, pp.437–451.
- Lee, S. and Lee, A. M. (2000) 'Disordered eating in three communities of China: A comparative study of female high school students in Hong Kong, Shenzhen, and rural Hunan' in *International Journal of Eating Disorders*, Vol.27, pp.317-327.
- Mazur A. (1986) 'U.S. Trends in Feminine Beauty and Over-adaptation' in Fallon, A. (1990) *Culture in the Mirror: Sociocultural Determinants of Body image*, p.82.
- Myers, P. and Biocca, F. (1992) 'The Elastic Body Image: The Effects of Television Advertising and Programming on Body Image Distortions in Young Women' in *Journal of Communication*, Vol.42, pp.108-133.
- Orbach, S. (1993) *Hunger Strike: the Anorectic's Struggle as a Metaphor for Our Age*, Penguin, London.
- Paquette, M. C. and Raine, K. (2004) 'Sociocultural Context of Women's Body Image' in *Social Science and Medicine*, Vol. 59(5), pp.1047-1058, Elsevier Ltd.
- Pliner, P., Chaiken, S., and Flett, G. (1990) 'Gender Differences in Concern with Body Weight and Physical Appearance over the Life Span' in *Personality and Social Psychology Bulletin*, Vol.16, 263-273.
- Powell, A. D. and Kahn, A. S. (1995) 'Racial Differences in Women's Desire to be Thin' in *International Journal of Eating Disorders*, Vol.17, pp.191-195
- Puhl, R. and Brownell, K. D. (2001) 'Bias, Discrimination and Obesity' in *Obesity Research*, Vol.9, pp.788–805
- Rosen, J.C., Orosan-Weine, P. and Tang, T. (1997) 'Critical experiences in the development of body image. Eating Disorders' in *The Journal of Treatment and Prevention*, Vol.5, pp191–204.
- Rudd, N. A. and Lennon, S. J. (2001) 'Body Image: Linking Aesthetics and Social Psychology of Appearance' in *Clothing and Textiles Research Journal*, Vol.19 (3), pp.121-133.
- Sarwer D.B. and Crerand C. E. (2004) 'Body image and cosmetic medical treatments' in *Body Image: An International Journal of Research* Vol.1, pp. 99-111 (13), Elsevier Science.
- Sarwer, D. B., Wadden, T. A., Pertschuk, M. J., and Whitaker, L. A. (1998) 'The Psychology of Cosmetic Surgery: A Review and Reconceptualization' in *Clinical Psychology Review*, Vol. 18, pp.1–22.
- Slade P. D. (1994) 'What is body image?' in *Behaviour Research and Therapy*, Vol.32 (5), pp.497-502, Elsevier Science.
- Solomon, M. R. and Douglas, S. (1985) 'The Female Clotheshorse: From Aesthetics to Tactics' in M.R. Solomon, (ed.) *The Psychology of Fashion*, pp.387-401, Lexington Books, Lexington.

- Sontag, M. S. and Schlater, J. D. (1982) 'Proximity of Clothing to Self: Evolution of a Concept' in *Clothing and Textile Research Journal*, Vol.1 (1), pp.1-8.
- Stam, H.J. (ed.) (1998) *The Body and Psychology*, London: Sage Publications
- Stice, E. (1994), 'Review of the Evidence for a Socio-cultural Model of Bulimia Nervosa and an Exploration of the Mechanism of Action' in *Clinical Psychology Review*, Vol.14 (7), pp.633–661.
- Stice, E. and Shaw, H. (2002), 'Role of body dissatisfaction in the onset and maintenance of eating pathology: a synthesis of research findings' in *Journal of Psychosomatic Research*, Vol.53, pp. 985–993.
- Tantleff-Dunn, S. and Agliata, D. (2001) 'Body Image and Aging: College Women's Perceptions Versus Older Women's Experiences' in *Melpomene Journal*, Vol.20 (2), p.21-29.
- Thompson, J. K. and Heinberg, L. J. (1999) 'The Media's Influence on Body Image Disturbance and Eating Disorders: We've Reviled Them, Now Can We Rehabilitate Them?' in *Journal of Social Issues*, Vol.55, pp.339–353.
- Thompson, J.K., Heinberg, L.J., Altabe, M., and Tantleff-Dunn, S. (1999) *Exacting beauty: Theory, Assessment, and Treatment of Body Image Disturbance*, Washington, DC: American Psychological Association.
- Thompson, J. K. and Thompson, C. M. (1986) 'Body Size Distortion and Self Esteem in Asymptomatic, Normal Weight Males and Females' in *Journal of Eating Disorders*, Vol.5, p.1061-1068.
- Tiggemann M. (2004) 'Body Image across the Adult Life Span: Stability and Change' in *Body Image: An International Journal of Research*, Vol.1 (1), pp.29-41(13), Elsevier Science.
- Tiggemann, M., and Rothblum, E. D. (1997) 'Gender Differences in Internal Beliefs about Weight and Negative Attitudes towards Self and Others' in *Psychology of Women Quarterly*, Vol.21, pp.581–593.
- Tseëlon, E. (1997) *The Masque of Femininity*, Sage, London.
- Turbin, C. (2003) 'Refashioning the Concept of Public/Private: Lessons from Dress Studies' in *Journal of Women's History*, Vol.15 (1), pp.43+
- Ussher, J. M. (1989) *Critical Psychology: The Psychology of the Female Body*, Routledge, London.
- Van der Velde, C. D. (1985) 'Body Images of Ones' Self and of others: Developmental and Clinical Significance' in *American Journal of Psychiatry*, Vol. 142, pp. 527-537.
- Wade, J. T. and Cooper, M. (1999) 'Sex Differences in the Links between Attractiveness, Self-esteem and the Body' in *Personality and Individual Differences*, Vol. 27, pp. 1047-1056.
- Warwick, A. and Cavallaro, D. (1998) *Fashioning the Frame: Boundaries, Dress and the Body*, Oxford: Berg.
- Webster, J. and Tiggemann, M. (2003) 'The Relationship between Women's Body Satisfaction and Self-image across the Life Span: The Role of Cognitive Control' in *Journal of Genetic Psychology*, Vol.164, pp.241–251.
- Wilcox, S. (1997) 'Age and gender in relation to body attitudes: Is there a double standard of aging?' in *Psychology of Women Quarterly*, Vol.21, pp.549–565.



Implementation of Enterprise Resource Planning at Carlsberg Brewery in Cyprus

Angelika Kokkinaki*, Harry Kogetsidis and Yiannos Spanias

Department of Management and MIS, School of Business, Intercollege, 46 Makedonitissas Avenue, 1700 Nicosia, Cyprus

* Corresponding Author: Tel.: +357 22841610; fax: +357 22353722. E-mail address: kokkinaki.a@intercollege.ac.cy

Abstract

The Cypriot brewing industry is an environment of fierce competition in which its main players are constantly looking for ways to establish a competitive advantage. Enterprise Resource Planning (ERP) systems provide a new class of comprehensive packaged application software, designed to integrate the core corporate activities of the organisation. ERP systems enable managers to control all major operations that take place in the organisation in real time. This paper examines how an ERP system has been implemented at Carlsberg Brewery in Cyprus, one of the first companies in Cyprus to use such a system. The results of the in-depth interviews with managers of the company have shown that the new system has considerably benefited all the functional areas it covers and that all the departments have been very positive about the changes it has brought to the organisation. The slight hesitance experienced by managers and employees at the beginning of the project has been replaced by an increasing level of confidence in the new system. The paper also draws some lessons for other Cypriot companies considering the adoption of an ERP system.

© 2007 World Research Organization. All rights reserved

Keywords: Enterprise Resource Planning, Business Process Automation, Brewing Industry

Citation: Kokkinaki, A., Kogetsidis, H. & Spanias, Y. (2007). Implementation of enterprise resource planning at Carlsberg breweries in Cyprus. *World Journal of Business Management*. 1(1) 59-68

Introduction

Enterprise Resource Planning (ERP) may well count as the most important development in the corporate use of information technology in the 1990's (Davenport, 1998). An ERP system is the group of software packages used to manage enterprise data (Summer, 2005). More specifically, an ERP system is packaged business software that allows a company to automate and integrate the majority of its business processes; share common data and practices across the enterprise; and produce and access information in a real-time environment (O'Brien and Marakas, 2006). An ERP system provides the software tools used to manage all the data of the organisation and to provide information to those who need it when they need it (Ragowsky and Somers, 2002). With the help of an ERP system a company can automate its entire business process, from

the initial point where a customer order is placed up to the point of invoicing and revenue receipt. By managing customer relationships, streamlining the supply chain and making manufacturing processes leaner, ERP systems make a significant contribution in helping an organisation gain competitive advantage. An ERP system can therefore be seen as a management tool for coordinating and guiding the activities of the organisation (Mabert *et al.*, 2001).

Many companies began installing ERP systems in order to eliminate patchwork of their legacy systems, and improve the interactions and communications with their customers and suppliers (Mabert *et al.*, 2001). Improving IT responsiveness and information quality are two additional reasons (Austin *et al.*, 2003), with integration of data and information across the whole organisation resulting in faster information response time, decreased

financial close cycle, faster decision making, and a generally more efficient supply chain. On the other hand, due to their complexity, ERP systems are difficult to implement, as well as to keep running and to maintain. Their implementation can be very expensive and extremely time consuming and there is no guarantee for their success.

Despite the spectacular rise in the use of ERP systems experienced around the world during the last twenty years or so, Cypriot companies started adopting them only in the last few years – mainly as a result of the significant cost of these systems, which until recently floated at inhibiting numbers for the Cypriot market. The size of local companies and their respective operating market/s have also played a significant role in this. However, the advancement in technology, which has lowered the cost of such systems, together with the accession of Cyprus in the European Union in 2004, resulting in a much higher level of competition, have made the adoption of ERP systems by Cypriot companies both feasible and necessary. Examples of organisations in Cyprus that have recently replaced their legacy systems with ERP packages include Mercedes (Cyprus), AC Nielsen (Cyprus), the Electricity Authority of Cyprus, the Cyprus Telecommunications Authority, etc.

The aim of this paper is to examine how an ERP system has recently been introduced at Carlsberg Brewery in Cyprus – one of the main breweries in Cyprus and one of the first companies in the country to introduce an ERP system. In particular, this paper aims to investigate the impact that the new system had on the company, based on data obtained through semi-structured interviews with the managers of all the departments which have been affected by the system. The paper starts with a brief introduction to the Enterprise Resource Planning concept and to the company itself. The paper then examines how an ERP system was implemented at Carlsberg and the effect it had on each functional area it covers. Some suggestions are made as to how the company can gain the full benefit from the new system, as well as how the experience at Carlsberg can help other organisations who are considering investing in an ERP project.

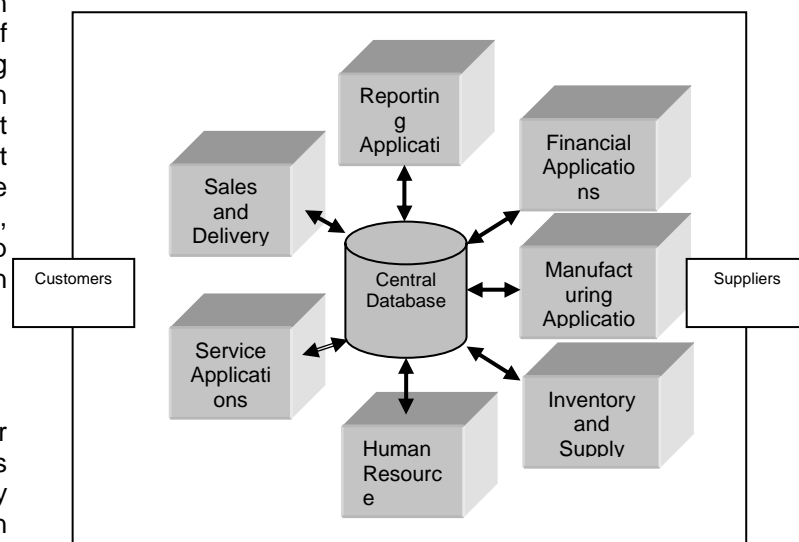
Enterprise Resource Planning (ERP) Systems

Historically, organisations used to manage many of their supply chain activities with paper transactions. This was a very inefficient task resulting in high costs and many operational mistakes. Therefore, since the time when computers first began to be used for business, companies started to look into ways to automate their supply chain activities. In a short time, it became clear that interdependencies exist among some of these activities. One early realisation was that production scheduling is related to inventory management and purchasing plans. As early as the 1960s, the Material Requirements Planning model (MRP) was devised in

order to integrate production, purchasing and inventory management of interrelated products. While commercial MRP software packages proved to be useful in many cases, they failed in as many (or even more) cases. One of the main reasons for the failure was the realisation that schedule-inventory-purchasing operations are closely related to both financial and human resources. This realisation resulted in an enhanced MRP methodology, known as Manufacturing Resource Planning (MRP II), which adds financial planning and human resource requirements to MRP. This evolution eventually lead to the Enterprise Resource Planning (ERP) concept, which integrates the transaction processing activities of all functional areas in the entire enterprise (Turban *et al.*, 2002).

The capabilities of ERP systems have changed considerably over the last few years. Typically, ERP systems support operational integration of departments and processes in a company, such as finance/accounting, manufacturing, planning/scheduling, distribution management, inventory management and production control. ERP systems promise that the various departments can more easily share information and communicate with each other, through a single integrated software program that runs off a single database through client-server architecture, as shown in Figure 1. Many solutions that were formerly considered added extras for companies, such as product data management (PDM), warehouse management systems (WMS) and manufacturing execution systems (MES) can also be included as default modules in ERP systems.

Figure 1: ERP System Architecture



Koch (1999) offers five major reasons why companies implement Enterprise Resource Planning (ERP) systems: ERP systems integrate financial information. As senior management try to understand the company's overall performance, they may come across too many different versions of the truth. Finance may have its own set of revenue numbers, while the different business

units may each have their own version of how much they contributed to revenues. ERP creates a single version of the truth that cannot be questioned because everyone is using the same system.

ERP systems integrate customer order information. By having this information in one software system, rather than scattered among many different systems that cannot communicate with one another, companies can keep track of orders more easily and coordinate manufacturing, inventory and shipping among many different locations at the same time.

ERP systems standardise and speed up manufacturing processes. These systems come with standard methods for automating some of the steps of manufacturing processes. Standardising those processes and using a single, integrated computer system can save time, increase productivity and reduce head counts.

ERP systems reduce inventory. They help the manufacturing process flow more smoothly and improve visibility of the order fulfilment process inside the company. This can lead to reduced inventories and can help users, better plan deliveries to customers, reducing the finished good inventory at the warehouses and shipping docks.

ERP systems standardise HR information. They can fix the problem of HR not having a unified, simple method for tracking employees' time and communicating with them about benefits and services, something that normally happens in companies with multiple business units.

From a business standpoint, the benefits that a properly selected and implemented ERP system can offer an organisation, include time and cost reduction in business processes, faster transaction processing, improvement of operational performance, financial management and customer service, web based interfaces and more effective communication. From a systems standpoint these benefits include integrated systems and data, uniform maintenance, common interfaces across systems, consistent real-time information, a state of the art client server model, consistent business processes, and single applications (Summer, 2005). Properly selected and implemented ERP systems can reduce inventory costs by an average of 25-30% and raw material costs by an average of about 15%. On the other hand, due to their complexity, ERP systems are difficult to implement and their implementation can be extremely time-consuming (up to several years). As a result, such systems can be very expensive (up to tens of millions of dollars). Software, incremental hardware, training and implementation support may cost \$200 000 for smaller companies with approximately \$10 million annual sales; \$600 000 to \$800 000 for medium sized companies with approximately \$40 million to \$70 million annual sales; and up to several million dollars for larger companies (Ragowsky and Somers, 2002). Table 1 shows the

average percentage breakdown for major implementation cost components based on a survey conducted on fifteen different ERP project implementations from six different vendors.

Table 1: ERP Implementation Cost Breakdown

Cost Category	Average cost	Range
Consulting	30%	20-60%
Hardware/Infrastructure	25%	0-50%
Implementation Team	15%	5-20%
Training	15%	10-20%
Software	15%	10-20%

Source: Vincent *et al.*, (2001)

Another major factor regarding the decision to invest in an ERP system is the fact that there is no guarantee for its success. For example, out of one hundred firms investigated, Davenport (2000) found that only ten got any real value from implementing an ERP system. The causes of failure and the risk factors that are associated with an ERP implementation is therefore a critical issue that should be investigated beforehand, in order to realise the challenges involved and the pitfalls hidden throughout the process. FoxMeyer Corporation, Hershey, Allied, Dell (Mabert *et al.*, 2001), Nike, Whirlpool (Austin *et al.*, 2003), Applied Materials, Dow Chemicals (Davenport, 1998) and Mobil Europe (Plotkin, 2005) are only some of the companies that experienced major difficulties or declared their ERP system implementation as a failure with considerable business losses.

A successful ERP system implementation can be difficult to achieve considering the size of the project and the exact requirements of this challenging task. It is not just a typical software installation, as it may require a change in the organisational structure and even culture, the business processes, and all the facets of the organisation being involved. On the other hand, there exists a set of critical success factors that have been derived from successful ERP system implementations worldwide which can provide guidance in managing such projects successfully. One of the deadly sins in the implementation of an ERP system is not to understand the true significance of what you have taken on and therefore not to commit the right resources to the project (Peake, 2001). These resources include human, financial, time, and technology. Human resources pertain to all employees of the organisation, from the steering committee to end users that will be affected by, or use the new system. Earning the commitment of end users and providing an assurance of co-ownership to them will ensure that end users are equally responsible for the success or failure of the implementation. Another critical factor for the successful implementation of an ERP system is the amount and quality of training to be offered to the end users. In that respect, it is important that user training should focus on the new business processes, as the way of doing business may change (Summer, 2005). Special attention should be given to

older employees who will be moving from a familiar system to an enormous and complex ERP system. An additional requirement in training is to create a team of 'super users', i.e. managers from various departments who meet regularly throughout all the phases of the project and even after completion and can therefore provide knowledge and support themselves, instead of solely relying on the support of the vendor (Plotkin, 2005). Good change management is also critical for the successful implementation of an ERP system (Haag *et al.*, 2006). Its importance is made clear as organisations often fail to address the resistance to change that will be evident from the changes in job designs. Since an ERP system implementation will result in business processes being changed, then managing that change successfully is imperative in order for the new system to be a success.

The Organisation

Carlsberg Brewery is a Cypriot company founded in 1968 and a member company of the Photos Photiades Group. The company has a working force of 150 people and it was the first brewery outside Denmark to be granted a Carlsberg brewing licence. Initially, the annual production capacity of the brewery was 2 million litres. Today, with the building of a new modernised and bigger brewery, capacity exceeds 30 million litres, whereas the company's annual revenue exceeds £17 million CYP. The company's growth is expected to continue as a result of its mother company's decision to abolish export restrictions, which has made it possible for Carlsberg Brewery to export its products to the adjacent markets of Greece and Lebanon. Today, export activities contribute approximately £250 000 CYP to the company's annual revenue. The distribution network of the company is also very extensive. This is attributed to the fact that, up until the accession of Cyprus to the European Union in May 2004, the relatively loose alcohol legislation permitted sale of alcohol at supermarkets, mini stores, cinemas, coffee shops, fast food restaurants etc. Until recently, Carlsberg Brewery undertook both production and distribution, but since 1998 the exclusive right of distribution belongs to a subsidiary company of the Photos Photiades Group. Despite the small size of the country, the company has three regional warehouses in different districts in order to optimise the distribution activities and cut down delivery times.

Methodology

This investigation of the effect of ERP systems in the Cypriot brewing industry has been based on a case study. This type of research strategy comprises an all-encompassing method, which covers the logic of design, data collection techniques, as well as specific approaches to data analysis (Yin, 2003). In fact, a case study is 'an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident' (Yin, 2003: 13).

According to Cohen and Manion (1994: 106-7): '[the purpose of a case study is] to probe deeply and to analyse intensively the multifarious phenomena that constitute the life cycle of the unit with a view to establishing generalizations about the wider population to which that unit belongs'. Using a qualitative approach in IS research has been recommended by a number of authors (e.g. Benbasat & Weber, 1996; Trauth & Jessup, 2000), as it provides a shift of interest from the technical issues to the organisational ones and allows for comprehension of the complex relations between organisations, technologies and people (Dube & Pare, 2003).

Primary data was collected through in-depth interviews. Interviews are essential sources of case study information and appear to be guided conversations rather than structured queries. In other words, the actual stream of questions in a case study interview is likely to be fluid rather than rigid (Lin, 2003). The greatest value of interviews as a data collection method lies in the depth of information and detail that can be secured, which far exceeds the information secured from telephone or mail surveys. Interviewers can note conditions of the interview, probe with additional questions, and gather more information through observation (Cooper and Schindler, 2003). Interviewers can also answer questions concerning both the purpose of the interview and any misunderstandings experienced by the interviewee. Finally, an interview can be conducted at an appropriate speed whereas questionnaires are often filled in hurriedly (Cohen and Manion, 1994). The subjects of the interviews conducted in this case study were senior managers of the company – namely the sales distribution and warehouse manager, the plant management manager, the production manager, the purchasing manager, the finance manager, the IT hardware manager, and the ERP manager. As all the people who participated in the study were top-level managers who prefer to be interviewed rather than fill in a questionnaire (Saunders *et al.*, 2000), the choice of in-depth interviews gave the opportunity to gather important and rich data through the process of discussion.

The interviews were semi-structured and based on a single questionnaire, which was designed in such a way as to fit the particular characteristics of each department. The knowledge of the system that each department had, as well as its involvement in the implementation of the system, influenced the actual questions asked and the order of the questions. Additional questions were asked when clarification on the answers was needed or when additional information could be extracted. Initially, it was very important to establish personal contact to facilitate the whole interview process. When contacted over the phone, the managers were informed about the purpose of this research and were asked to agree on a convenient date for the interviews to take place. They were subsequently informed via email about the topics to be covered, so

that they could prepare for the interview. The actual interview took place at the manager's office and lasted for an average of an hour and a half. All interviews were tape recorded, with the permission of the interviewee, and particular attention was given at the beginning of the interview to facilitate a trustful environment. Simple and general questions were asked first, whereas difficult or sensitive ones were asked at the end.

ERP System Implementation at Carlsberg Brewery

Prior to the ERP System

Before 1995, Carlsberg Brewery had no integrated IT system to support the company's operations. Although software packages were used throughout the company, these were not centralised and the exchange of information was problematic. For instance, invoices and other important documents had to be sent from the warehouses to the headquarters by internal mail. Data was processed manually, resulting in delays and errors. Quite often, invoices had to be retyped in the accounting system of the company and reports had to be processed one by one, since there was incompatibility between the accounting system and the other systems that generated the invoices. Erroneous reports created confusion and frustration and resulted in high transaction costs. By that time it was clear that there was a need for an IT system that would support the operations of the company. The company decided to implement a DOS-based system that supports sales and inventory. The system connected the different warehouses with the administration offices and helped overcome the duplication of tasks like invoicing. Warehouses could input their own sales and invoices into the system and produce stock reports or reports per sales person. This DOS-based system created a more up-to-date picture of the company's operations and was an important step that "helped manage the chaos" in the company.

From an organisational perspective, the adoption of this system also led to the creation of an IT department, which had the responsibility of maintaining the system and dealing with problems that might come up. Another significant result from the new system was that all the employees became computer-literate. They received training and became familiar with the DOS environment of the new system, which soon resulted in them starting to demand more information and making suggestions on improving the system. Both managers and non-managers began thinking in a more "computerised" way and grasping the advantages that IT had to offer. These demands, along with the limited capabilities of the new system and the ongoing growth of the company soon made the system insufficient. Despite the capability of maintaining stock control of materials through the new computerised system, there was a need for a wider range of information on behalf of the plant management and materials management departments. In particular, the system did not support the procurement process and

more importantly, the production planning and control. The procurement process was cumbersome and time-consuming. Purchase requests, requests for quotation and purchase orders had to be produced and passed through the hierarchy for approval. This resulted in increased paperwork, which in turn resulted in increased reaction time by the materials management department. With regard to production planning, the system provided stock numbers for each item but there was no way of knowing if these numbers had fallen below the minimum. This had to be performed and monitored manually by the employees. Also, the materials management department had to keep minimum quantities in order to avoid shortages and stalling of operations. To do this it allocated different estimated cost numbers to all machinery. Since the system did not provide recording of machinery data, this procedure usually resulted in inefficiencies and budget overruns. Finally, production was not integrated with distribution, making manual intervention necessary in order to correctly allocate the finished goods to the different warehouses.

Production control was not covered by the new computerised system and its operation relied solely on paperwork and supportive software packages like Word and Excel. To estimate the production of a period, for example, the relative documentation was gathered and examined and mathematical calculations were performed. The request for needed materials was written down, approved and then sent to the warehouse. Production details were kept in books and production planning was performed manually. Despite the fact that the new computerised system covered accounting, its capabilities were limited. In that respect, the system could only generate management accounts. Procedures like analysing, costing and reporting could not be performed. Profit and loss reports had to be generated with the help of Excel and took a considerable amount of time and effort. The accounting department was the source of information for reports generated by other departments. The sales report, for instance, generated by the sales and distribution department relied on specific information regarding successfully completely sales, which was provided by the accounting department.

Despite the considerable benefits it offered, the DOS-based system could not provide the necessary functionality the company needed. In 1998 the company decided to expand with capitalising on its distribution network. By that time it was clear that the current computer system could not cover the planned operations and was reaching its maximum capacity. The system server was almost full and processing time began to increase, making the system very slow. Furthermore, it was by then clear that production had to be incorporated into the system. A decision had to be made between upgrading the existing system and adding the production module, or moving on to a better and more complete solution that could deal with the

increased demands of the various departments and senior management. A committee formed by selected managers of the company evaluated a number of options and selected what appeared to be the most suitable ERP system for the company. Interestingly enough, the chosen system provider was the same as the one used by Carlsberg Denmark – something that was a coincidence rather than a driving force for the selection decision.

Implementing the ERP System

Initial meetings with the system providers resulted in much information being offered including a clear explanation of the system capabilities. Following their recommendations, an effort was made to document the requirements and needs of the various departments, something that, despite the experience with the previous computer system, took approximately three months to complete. The various details were reviewed and accepted by senior management and a project plan with specific targets was prepared indicating milestone dates for the completion of each phase. It was decided that the new system would cover the functional areas of sales and distribution, materials management, production management, plant management and accounting. It was also decided not to implement the human resource module of the system, as this was not compatible with the local regulations and procedures covering tax, social security etc. A project team, which included the managers of all the departments affected by the new system, was also formed at this stage.

During the preparation of the blueprints, senior management made an effort to get consensus from the employees. The results from the interviews indicate that there was some concern from the employees about the necessity of implementing a new system. “They were just beginning to feel comfortable with the previous system”, a manager stated. In order to overcome their scepticism, senior management and the system providers made several presentations of the new system, the pursued tasks and the reasons justifying the project. They also emphasised the importance of the employees in the successful outcome of a project of this magnitude. As the previous system was running in the DOS environment, training in Windows was provided for all the employees of the company.

Following the preparation of the blueprints for each department affected by the new system, extensive meetings with the system providers took place. During these meetings the needs of managers were matched with the capabilities of the system. Employee training took place one month prior to the initial operation date of the new system. Despite the fact that managers did not work exclusively on the project, the implementation phase took six months as scheduled and the system finally went live in 1999. All customer data was transferred to the new system by five data input staff working exclusively on this task for three full days.

Several minor problems that came up when the system went live were overcome with the help of the system providers.

The effect of the ERP system on the company

The implementation of the ERP system has made a significant impact on all the functional areas of the company and has altered the way each department conducts its daily operations. The results from the interviews indicate that the company regards the implementation of the new system as a big success. “The new system saved us a lot of working hours for producing reports”, the production manager stated, whereas according to the purchasing manager, “the new system has introduced transparency and given us a clearer picture of operations”. This positive perception is in great contrast to the one that the company’s managers had at the beginning of the project. As no manager had any past experience with ERP systems, they were rather sceptical and reluctant about its implementation. After experiencing the benefits of the ERP operations, however, they are now much in favour of the new system.

Other positive changes resulting from the implementation of the ERP system include: better control of the department, decrease in reaction time and improvement in efficiency. No one of the managers interviewed reported a decrease in employee numbers as a result of the new system. On the contrary, some managers emphasised the need for more employees to cover the new system’s data entry requirements. In this respect, the reduction of employees identified in the production management department was attributed to the creation of the new automated factory (built in 1999) and not to the implementation of the ERP system.

The following section provides a more detailed discussion of the benefits that the new system has brought to each of the functional areas it covers.

Sales and Distribution

The sales and distribution department now operates more efficiently, despite the fact that its operations have increased considerably. The new system has imposed discipline and transparency and better monitoring of operations, something that made the expansion of the company feasible and controllable. According to the manager of this department, “being in the first line of the battle, it is very important to have correct and readily available all the information about the products that the company offers”. In particular, order taking has been made easier, as salespeople have all the information relating to stock levels readily available. Salespeople can now take orders from customers knowing that the company will be able to deliver them on time. Delivery preparation in warehouses has also changed significantly, as the system assists in the organisation of truck loading – a function that was previously done on

paper. Manual scheduling was error prone, time consuming and rather demanding on human resources. Workers conducting the loading now have a clearer picture on which orders are to be loaded where and can avoid the overloading of trucks.

Recently, the company introduced a new ordering system that assists salespeople in the recording of the conducted sales. This system is based on electronic handheld devices that allow the recording of the sales data on location by each salesperson. On return to the central offices the devices are mounted onto a data acquisition module that feeds the data back with the sales made. The benefits gained by the introduction of the new ordering system would have been severely diminished had the ERP system not been implemented. The two systems together provide better control over the sales department – “the tactics of which was a headache for the company”, as the finance manager said. Billing of customers is now more controllable, since salespeople cannot issue discounts based on their perception of acceptable discount levels (a tactic often used in order to close a deal). Discounts are pre-set in the ERP system, based on an overall company policy that reflects the strategy proposed by managers rather than the will of the salesperson. Bad transactions are now also avoided, as the ERP system does not allow the execution of an order unless all the data is correctly entered and permission is granted.

Freeing human resources from tedious tasks and better reporting facilities offered by the new system, lead to improved coordination of sales and distribution and subsequently to better customer service and increased sales. Making and meeting delivery promises and shorter delivery times lead to higher customer satisfaction and thus repeat orders. As one manager said, “sales people can now focus on selling instead of verifying or apologising for late deliveries”. Moreover, the ERP system has advanced reporting features that enable managers to react to changes in demand and diagnose delivery problems. Corrective actions can be taken early, such as determining shipment priorities and notifying customers of changes to promised delivery dates.

A debatable issue is whether the ERP implementation provides sufficient support for carrying out the above actions. In the previous system managers were provided with aggregate reports on sales and delivery performance and it was up to their expertise to utilise them appropriately. During the ERP implementation, the company decided against the introduction of supply chain management support that would suggest and evaluate solutions to the above problems. For example, the improvement of route setups to minimise delivery delays and suggestions on discount levels per product based on the analysis of historical information can be provided by optimising engines. It is not clear whether the company made a cost-benefit analysis for the introduction of such features. Managers, however, state

that they are happy with the present functionality, although the level of an even more improved performance had such systems been implemented is worth investigating.

Materials Management

The system-wide visibility of information and the ability to issue requests over the network have resulted in a considerable reduction in the workload and reaction time of the materials management department. The new system has made internal purchase requests, requests for quotation and purchase orders easier to generate and pass through the system for approval.

The interaction with various departments and the scheduling capabilities of the system have also helped decrease shortages that result in getting material at premium prices and saved costs. The system monitors the available quantities of materials and issues warnings when items are at minimal levels. Up-to-date information from the sales and distribution department, as well as the central and local warehouses pass through the system fast and is available for scheduling of resources by the materials management department. The manager of this department can now easily monitor regional warehouses and transfer resources accordingly, in order to cover unexpected shifts in demand that might occur. These improved planning and scheduling practices have resulted in inventory reductions, which in turn, provide for reduction in assets and ongoing savings of the inventory carrying costs (interest, warehousing, handling, insurance etc.). Additionally, significant savings can be made from minimising obsolete materials inventory. The new scheduling and monitoring practices reduce workload and allow the department to focus on other important aspects such as vendor negotiations and quality improvement. The ERP system also assists in these functions by providing useful information such as: projected material requirements by commodity group and vendor performance statistics (delivery times, vendor capacity, price etc). Giving suppliers better visibility of future requirements helps them improve their own operations, which results in lower material costs.

Production Management

The production management department also reported significant decrease of paperwork and efficiency improvements on day-to-day operations. Requests for needed materials and reports on finished products are produced in electronic format and sent to affected departments through the system, resulting in significant savings in time and effort. The new system, however, does not cover all the operations of production. Due to the – almost simultaneous – decision to create a new automated factory, the company decided to partially implement the ERP system in order to cover only the managerial functions of the department. This decision was based on the fact that the new automated factory

has its own monitoring and controlling system. The new factory is also operational now and the two systems are running in parallel, each one covering different functions of the department. Data from the new system, such as quantity of materials used and quantity of finished products, are manually entered in the ERP system. As reported by the production manager, only 20 to 25 percent of ERP system capabilities are currently being used.

The significant part of the remaining operations, mainly in monitoring, is handled by the factory system. However, at present, a lot of information provided by the factory system, such as aggregate consumption levels, is manually entered in the ERP system – resulting in the obvious duplication of data. This, apart from unnecessarily utilising resources, is error-prone and, as aggregate information is of higher value, may lead to significant misconceptions if it is not properly identified. The company has employed consultants to investigate the possibility of the development of automated data transfer from the factory system to the ERP system and is currently scheduling its implementation. With the deployment of this feature and the provision of relevant information, further analysis and report mechanisms can be incorporated in the ERP system, thus assisting production operations. Even though current ERP functionality in production is somewhat limited, the data consolidation is expected to be extended to include: production planning per product, managing production levels and production rescheduling based on market input. Another area where significant benefits can be gained is in the tractability of production batches. It would also be useful if the company investigated the possibility of introducing automated planning and scheduling functionality to production, something that has not yet been considered by management.

Plant Management

A considerable reduction in paperwork has also been reported in the area of plant management. The various documents are now quickly passed through the hierarchy and reports are easily generated. Moreover, the structure of the system allows for reduced complexity regarding the costing and payments of maintenance orders. Every time a maintenance order is issued, the accounting department is informed straight away and the expenditures are directly allocated to the appropriate budget.

An important management tool offered by the new system is the process of preventive maintenance, which provides better scheduling and monitoring of day-to-day operations. The plant management department can now keep track of all machinery data concerning maintenance, thus having a clearer and more complete picture on the various operations. The maintenance data of each machine is entered into the system, which in turn provides a schedule of repairs and statistical and analytical data about the operational costs. Ongoing

maintenance orders are monitored by the system imposing discipline on the performed and scheduled tasks and therefore “increasing the performance of the department”, as its manager stated. The integration with other departments along with the statistical maintenance data that the system offers, provide quicker response to upcoming demands for maintenance and better controlling of resources. Greater visibility of future demands for maintenance has contributed to reduction in operational costs related to inventory of spare parts and the decrease of idle time of machinery due to maintenance reasons (spare parts shortages), which, in turn, increases efficiency.

Accounting

The new system has made management accounts and procedures like analysing, costing and reporting a lot easier and faster to produce, reducing the time and effort required to generate balance sheets and profit and loss reports. Furthermore, there is no need for the input of invoices in the system, as the system tracks the whole procedure from the point an order is taken up to the delivery of the products and then issues the respective invoice.

The budgeting concept that is now introduced has also reduced the workload of the department. All the departments are now given an annual budget, depending on their suggestions and the availability of funds, which makes them responsible for allocating their own expenditures to a certain budget. The integration enabled by the new system has made payments to vendors easier and quicker, as purchase requests are tracked and the accounting department is notified of their completion. This procedure has offered greater control to the accounting department, as its approval is now needed before a purchase is made. With the help of the system the department is able to implement improved collection procedures in order to reduce the number of days of outstanding receivables, thereby providing additional available cash. Fast and accurate invoice creation directly from sales transactions and timely customer statements are benefits not previously enjoyed. Availability of cash enables the company to take advantage of suppliers' discounts and have better cash-flow plans regarding ongoing expenditures (better credit, better financing, etc). The procedure of credit checking of the respective customers during order entry has reduced the number of problematic accounts, as the accounting department is now in place to stop the execution of the order if the customer has not settled previous obligations.

Lessons drawn for other Cypriot companies

The evidence from this research has shown that the implementation of an ERP system at Carlsberg Brewery has considerably benefited all the functional areas covered and that all the departments affected by the introduction of the new system have been very positive

about the changes that it has brought to the company. It is estimated that the overall implementation cost of the system at Carlsberg Brewery was around £120 000 CYP, with an additional £70 000 CYP being spent on upgrading the system. The licensing fees per user were approximately £2000, not including upgrade licensing or maintenance fees. These expenses do not include any additional costs that the company has to bear to keep the system operational, such as salaries of staff responsible for the running system. Cost is therefore a factor that all companies considering the adoption of an ERP system should take into account. Further research in order to assess the return on investment of this project at Carlsberg Brewery would help to assess the exact impact of the system on the company.

Implementing an ERP system is not a trivial pursuit and considerable attention should be given at the initial phase of planning. The identification of user requirements in such a system and the specific functionality at implementation should be clear to everyone involved in the project, as the success or failure of the system relies a lot on the joint effort of both consultants and managers. Ensuring employees' commitment to the project is very important for the system's upgrading and further development. The lack of experience of Carlsberg Brewery's managers with ERP systems played a role during the design of the blueprints. "We lost the opportunity to change faulty business procedures that we were doing at that time. Consequently a lot of customisation took place that later proved unneeded", the project manager stated. Some of the mistakes made, luckily without any serious consequences, could have been avoided if a business consultant had been hired. In that case, the evaluation of business processes would have taken place before the initial design of the system, thus saving time and money. Reviewing the way a company conducts its business processes before embarking on an ERP project is therefore of major importance for the success of such a project.

Initially, it was decided that the system providers would train the managers of the company, who in turn would be responsible for the training of their employees and for making suggestions on improving the system. Although it reduced the expenses of training the employees, this decision put considerable pressure on the managers of the departments. Furthermore, it became obvious that the company could not rely on managers for running the system, since any possible withdrawal by them would create serious problems. Even though the company proceeded with the creation of an ERP department, this was only performed three years after the system was implemented. The creation of the ERP department is expected to solve these problems and increase the company's knowledge base and, in particular, the in-house capabilities for system maintenance and enhancement.

Our findings suggest that an ERP system is not an "install and forget" solution. On the contrary, it needs maintenance and modifications in order to cope with the changing environment of the company. The modifications and enhancements on the system reported by Carlsberg Brewery are not only due to mistakes made on the initial design. Some are related to technology advancements and to internal changes of processes. Creating an ERP department or staffing the IT department with appropriate personnel seems to be mandatory. This is not to say that consultants will no longer be needed but it will help to keep costs down and deal with possible problems that might arise as well as to improve the response time in dealing with these problems. In order to function properly, an ERP system has increased demand for information input. Since it integrates different functions of the company and uses data from several departments, delays in updating the system by one department have a direct impact on the operations of the others. Because of this, discipline should be imposed with regard to the various operations of the company, something that, with the transparency the system provides, would make the whole operation of the company much more efficient.

Conclusion

Carlsberg Brewery has been one of the first companies in Cyprus to implement an ERP system. More importantly the company did so without any transfer of 'know how' from its mother company in Denmark. The new system has provided the company with a single interface for managing all its operations – from entering sales orders to coordinating shipping and after-sales customer service. The improvements made to production and the other operational functions helped the company to increase its efficiency and productivity, as well as to improve quality.

Keeping customers happy at all times is a main priority for the company, as increased customer satisfaction would lead to greater financial gains. The company seems to be on the right path regarding the absorption of the changes caused by the new system – both operational and cultural. Managers and employees are now more comfortable with the system and the slight hesitance experienced by them at the beginning of the project has been replaced by an increasing level of confidence in the new system. The commitment of both parties to the new system is a critical factor in order for the new system to be a success in the long run. Although the company has been keen on committing the right resources to the project, it is suggested that it should also invest in the provision of adequate support for any future expansions that are made. For example, it is worth considering the possibility of enlarging the ERP department, so that a faster identification and resolution of problems can occur and that the dependence on external collaborators drops to a minimum. It would also allow some in-house development on trivial requirements and would further improve the confidence

of staff in the system. Although such a decision would increase operational costs, it would ensure that the system is widely adopted and would improve its penetration into staff operations, as fast response to problems would increase acceptance. It is also suggested that other Cypriot companies consider the advantages that investing on an ERP system would bring them. This is particularly important in today's business environment, in which competition is fierce and the need for exploiting the advantages that information technology can offer has become a priority for any organisation.

References

- Austin, R.D., Cotteleer, M. J. & Escalle, C.X. 2003. *Enterprise Resource Planning – Technology Note*. Harvard Business Online.
- Benbasat, I. & Weber, R. 1996. Research Commentary: Rethinking 'Diversity' in Information Systems Research. *Information Systems Research*, 7(4):389-399.
- Cohen, L. & Manion, L. 1994. *Research Methods in Education*. London: Routledge.
- Cooper, D.R. & Schindler, P.S. 2003. *Business Research Methods*. New York: McGraw-Hill Irwin.
- Davenport, T.H. 2000. Mission Critical: Realizing the Promise of Enterprise Systems. *Harvard Business School Press*, February 2000.
- Davenport, T.H. 1998. Putting the Enterprise into the Enterprise System. *Harvard Business Review*, 121-131, July-August 1998.
- Dube, L. & Pare, G. 2003. Rigor in IS Positivist Case Research. *MIS Quarterly*, 27(4):597-635.
- Haag, S., Baltzan, P. & Philips, A. 2006. *Business Driven Technology*. New York: McGraw-Hill.
- Koch, C. 1999. The ABCs of ERP. *CIO Magazine*, December 1999.
- Mabert, V. A, Soni, A. & Venkataramanan, M. A. 2001. *Enterprise Resource Planning: Common Myths Versus Evolving Reality*. Indiana: Business Horizons.
- O'Brien, J.A. & Marakas, G.M. 2006. *Management Information Systems*. New York: McGraw-Hill.
- Peake, J. 2001. *The Six Deadly ERP Sins*. Ohmworld.
- Plotkin, H. 2005. *ERPs: How to Make Them Work*. Massachusetts: Harvard Management.
- Ragowsky, A. & Somers, T.M. 2002. Special Section: Enterprise Resource Planning. *Journal of Management Information Systems*, 19(1):11-16.
- Saunders, M., Lewis, P. & Thornmill, A. 2000. *Research Methods for Business Students* (2nd ed.). Financial Times: Prentice Hall.
- Summer, M. 2005. *Enterprise Resource Planning*. New Jersey: Pearson Prentice Hall.
- Trauth, E.M. & Jessup, L.M. 2000. Understanding Computer-Mediated Discussions: Positivist and Interpretive Analyses of Group Support System Use. *MIS Quarterly*, 24(1):43-79.
- Turban, E., McLean, E., Wetherbe, J., Bolloju, N. & Davison, R. 2002. *Information Technology for Management – Transforming Business in the Digital Economy* (3rd ed.). John Wiley & Sons.
- Vincent, A.M., Ashok, S. & Venkataramanan, M.A. 2001. Enterprise Resource Planning: Common Myths Versus Evolving Reality. *Business Horizons*, May-June 2001.
- Yin, R.K. 2003. *Case Study Research. Design and Methods*. Sage Publications.

Notes for contributors

Submission of a paper to this journal will be taken to imply that it represents original research that has not been previously published, that it is not being considered elsewhere for publication and that, if accepted for publication, it will not be published elsewhere in the same or closely similar form in any language without the consent of the World Research Organization (WRO).

Manuscripts to be considered for publication should be sent to the Editorial Office via email to editorialoffice@unwro.org. Or using Rosetta Online Submission System (a registration to the World Research Club is required, please visit www.unwro.org/wrc.html). Research papers submitted as full refereed papers should normally be a minimum of 5,000 and maximum of 7,000 words in length and will be double-blind reviewed. Contributions that are intended as research notes, case-studies, book reviews, conference announcements and reviews, industry announcements and news-and-views submissions should not exceed 1500 to 2000 words in length, and designed to stimulate ideas, discussion and/or present work-in-progress that have not yet been developed to a stage suitable for publication as a fully refereed paper.

Paper preparation and submission

(Refer to the journal's online pages for more details)

First page

The first page should bear the title (of no more than 14 words) of the paper and name(s) of the author(s). The corresponding author must be clearly indicated and must provide a full postal address, fax and e-mail contact details; the corresponding author will check proofs, receive correspondence and off-prints.

Abstract

An abstract of 150-200 words should be included. No more than six key words must be provided that identifies the paper content.

Manuscript

- Manuscripts should be double spaced and 12-point **Arial, Normal** Style. The printing area should be a single column, top and bottom margins of 2.54cm and left and right margins of 3cm, based upon an A4 paper size. There should be no running headers or footers. Paragraphs should not begin with tabbed indentations.
- Manuscripts must be in third person and in British English. Authors should use simple declarative sentences, ensuring every effort to assist readers to understand the concepts presented. Acronyms

must be written out in full the first time (immediately followed by the acronym in parenthesis); thereafter the acronym is only used.

- All identifying details of the author/s need to be removed from the body of the manuscript, to facilitate the blind-review process. Such author details should be contained on the cover page of the manuscript only.
- Manuscripts should be structured as: introduction, literature review, research method, presentation of results, discussion of results, recommendations and conclusions, references
- All pages of the manuscript should be numbered, top centre.
- Authors should send the final, revised version of their papers to the Editor via email, in Microsoft Word Windows format. Please specify the program version used; the files **should not be saved as "text only" or "read only"**.

Tables and captions to illustrations.

- Tables must be included as part of the text.
- Tables and figures should be numbered using Arabic numerals.
- Centre table captions above the tables (word "**Table**" and number the table in bold).
- Centre the tables on the page, number tables consecutively, and used 10-point type.

Figures

- Artwork must be submitted in suitable condition for publication. Line drawings must have a descriptive title legend and be drawn on separate sheets. Figures should be supplied as camera-ready artwork in a form suitable for printing. Photographs should be sharp, high contrast, glossy prints; they should be submitted in their final size. Figures must be consecutively numbered using Arabic numerals (word "**Figure**" and number of figure in bold). Centre the legends below the figures and used 10-point type.

References

- The system of referencing used by this WRO Journal is called the Harvard (or author-date) system. This style of referencing requires that you acknowledge the source of your information or ideas in two ways:
 - In the text of your work, when you refer to ideas or information you have collected during your research. Each reference is indicated by including

the author and date of the publication referred to, or cited.

- In a reference list at the end of your text, which gives the full details of the works you have referred to, or cited.
- A hypothetical example: Williams (1993) may refer to some work on oligopoly pricing (Williams, 1991) considered to be “. . . of interest” by Clarke (1992:14). If several papers by the same author and from the same year are cited, a, b, c, etc. should be put after the year of publication. Direct citation of authors' works requires that the page number of the original work be provided, as indicated above.
- The references should be listed in alphabetical order at the end of the manuscript, in the following standard form (with names as they appear in the original publication):

Books

Black, R. J. and Van Der Post, N. J. 1990. *Themes in tourism education*. London: Benton.

Smith, R. J. (Ed.). 1985. *Towards a philosophy of education*. London: Benton.

Chapters in books

Green, R. J. 1989. Comparative themes in management education. In J. N. Brown (Ed.), *Trends in higher education*, 312-350. London: Benton.

Journal papers

Brown, R. J. 2005. Policy studies in education. *The South African Journal of Higher Education*, 3(2):51-59.

Theses and dissertations

Green, R. J. 2004. *Critical theory and university transformation*. D.Phil. thesis, University of South Africa, Pretoria.

Newspaper papers

Rand Daily Mail. 2007. 25 June:7.

Website references

Green, G. 1989. *Maslow's hierarchy of needs*. Available from: <http://www.connect.net/georgen/maslow.html>. [Accessed on: 2 May 2005].

Footnotes and Endnotes

Footnotes and endnotes are not permitted by this WRO Journal.

Proofs

Proofs will be sent to authors after the review process has been completed and alterations attended to by the author/s of a said manuscript. These should be corrected and returned to the WRO within five working days. Major alterations to the text, at this point, are not permitted.

Early Electronic Offprint:

Corresponding authors shall receive their paper by e-mail as a complete PDF. This will allow the author to print up to 50 copies, free of charge, and disseminate them to colleagues. In many cases, this facility will be available up to two weeks prior to publication. A copy of the journal will be sent by post to all corresponding authors, after publication. Additional copies of the journal can be purchased at the author's preferential rate of \$50.00 per copy.

Copyright

It is a condition of publication that authors vest or license copyright in their papers, including abstracts, in WRO and the said Journal. This enables the WRO to ensure full copyright protection and to disseminate the paper, and the journal, to the widest possible readership in print and electronic formats, as appropriate. Authors may use the paper elsewhere after publication without prior permission from WRO, provided that acknowledgement is given to the WRO and the said Journal as the original source of publication, and that WRO is notified so that its records will indicate that the use of the manuscript was properly authorized. Authors are themselves responsible for obtaining permission to reproduce copyright material from other sources.